

Current History

A WORLD AFFAIRS MONTHLY

APRIL, 1975

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Current History

APRIL, 1975

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How has the oil crisis affected Japan? How has it affected her Conservative government? Her economic future? In this issue, seven articles explore Japan's changing economic and political status. As our introductory article points out: "For some time, Japan was widely regarded as a Great Economic Power. . . . Now, all of a sudden, Japan has been reduced to the status of an International Resource Pauper. . . ."

Japan After the "Oil Shock": An International Resource Pauper

BY KOJI TAIRA

Professor of Economics, University of Illinois

THE THUNDERBOLTS of history struck Japan in October, 1973, and a new chapter began in Japan's postwar economic history.* Oddly enough to the Japanese, this new turning point originated in events taking place far away from their country and their consciousness. This generated feelings of mystery, uncertainty, incomprehension and bewilderment. On October 6, 1973, war broke out between the Arabs and the Israelis. On October 16, the Arabs announced their embargo on crude oil exports and unilaterally raised the oil price by 470 percent to \$11.00 a barrel. Having already imported more than \$6 billion worth of oil at the old price during the first nine months of 1973, the Japanese quickly saw that at the new price, even the maximum of the foreign exchange reserve that they had recently attained (nearly \$20 billion) would be insufficient to cover the oil bill alone for a year. For some time, Japan was widely regarded as a Great Economic Power (*keizai taikoku*). Now, all of a sudden, Ja-

pan has been reduced to the status of an International Resource Pauper (*shigen shōkoku*).

Human beings everywhere seem to demand that a person's posture or demeanor be congruent with his or her status in the relevant group and setting. Thus, pauperized Japan must now be expected to play her role in the international community in manners appropriate to her pauper's status. This should not be too difficult for the Japanese. Despite her rather productive economic system, Japan has never been a "power" in the usual, political sense. The phrase "economic power" with an accent on "economic" has at best been a misleading figure of speech, partly born of the world's apprehension about the uncertain implications of Japan's growing economy.¹ Dependent on imports for 99 percent of her oil requirements, Japan fears the oil shortage more than the oil price. Without oil, the Japanese economy would grind to a halt. In the fall of 1973, therefore, Japan announced her neutrality with respect to the Arab-Israeli dispute and earned an exemption from the embargo list as a country "friendly" to the Arabs.

Even so, Japan's hands were still tied behind her back because she depended on foreign oil companies for the delivery of crude oil to Japan from the source countries. For example, Royal Dutch Shell was diverting Japan-destined oil to Europe. Speaking to a study group sponsored by the Chicago Council on Foreign Relations and the Japan Trade Center of Chicago, James C. Abegglen observed in early 1974:

* I am grateful to the Midwest Universities Consortium for International Activities (MUCIA) and the Graduate College Research Board of the University of Illinois for partial financial support for my research project on Asia, which has spawned this paper. I alone am responsible for opinions expressed in the paper and for possible errors that may remain in it.

¹ One of the most illuminating articles I have seen on the interplay of economics and politics with reference to Japan's international stature is William J. Barnds, "Japan: An Uncertain Giant," *Worldview*, vol. 16, no. 9 (September, 1973), pp. 18-25.

... as customer, Japan generally does not deal with the suppliers directly. . . . To what extent is Japan's oil shortage (however serious that might be) a result of the diversion of supplies from such producing states as Iran and Indonesia to such consuming states as The Netherlands and Germany? Secrecy surrounds this issue. The chairman of Royal Dutch-Shell admitted diversion in a public address in December [1973]. He called it sharing, and he chose not to provide details.²

Although rebuffed by some sovereign countries of the world and belittled by some private foreign companies in various ways, the Japanese have maintained an enigmatic sort of boisterous optimism under the energy crisis. The Japanese, of course, are the people who long ago produced the world-renowned art form, *ukiyo-e* (paintings and woodprints depicting the frivolous and ephemeral—hence, “floating”—aspects of life). To them, a basic unreality is perhaps the most real thing in life. To many Japanese over 40 years of age today, for example, the memories of wartime and postwar deprivations are more real than the “floating” economic booms of recent years or the amorphous “miracle” of economic growth. None other than the widely respected economist-diplomat-statesman, Saburo Okita, is said to have remarked that Japan's economic affluence is so recent that it has not yet become habit-forming. Okita certainly strikes a responsive chord among many Japanese, some of whom may have already indulged in the secret joy of taking their wartime rags out of the closet and trying them on. Indeed, the Japanese have just finished one whole year of negative economic growth, without much social unrest and without the major political upheavals that some foreigners had predicted earlier as likely to happen to the growth-doped Japanese.

The *Times* (London) editorial of December 1, 1973, explained why the world should give Japan a helping hand (for which Japanese readers must have been grateful) on grounds that an economic downturn would be more disruptive in Japan than elsewhere. For example:

National economic hardship tests even the most mature democracies. In Japan critical economic circumstances would precipitate a lurch to an extreme political position.

In other sections, the same editorial referred to the Japanese economy's “singularly rigid structure,

² James C. Abegglen, “Materials and Energy: Japan's Problems and Policies,” in Chicago Council on Foreign Relations (ed.), *U.S.-Japanese Relations: Options in a Multipolar World* (Chicago, 1974), p. 50.

³ The most recent nonsense that has occupied the pages of the *Economist*, in sharp contrast to the *Times* (London) reports on Japan, is “Pacific Century, 1975–2075?” (January, 4–10, 1975), pp. 15–35, explicitly inspired by Herman Kahn's vision.

⁴ *The New York Times*, Sunday, January 26, 1975, Section F, p. 23. The next quotation attributed to Miki is also from the same source.

geared up for low-value high-volume export manufacture” and Japan's “less mature and certainly less developed industrial economy than those in Western countries.” The *Time's* prediction of “an extreme political position” has not yet come to pass, but its assessment of the Japanese economy's structural weaknesses is certainly sound. The *Time's* investigative or analytical reports on Japan are generally far more responsible than the more popular propaganda that Herman Kahn and his followers have poured out about Japan's alleged greatness and strength.³

Irrespective of the conflicting evaluations of Japan's strengths and weaknesses, there is no doubt that the Japanese are fast learning the role of an international resource pauper and fashioning appropriate survival techniques. The new Prime Minister of Japan, Takeo Miki, who took office in December, 1974, has no illusion about Japan's resource poverty and the undesirability of continued economic growth at the same pace and in the same style as in the recent past. In response to *The New York Times* poll of world leaders' opinions, Miki said:

When we look squarely at the current issues of resources, energy, food and environment, we find ourselves compelled to make a difficult shift from the age of growth and consumption to one of thrift and conservation in trying to ensure the stability and prosperity of tomorrow.⁴

With this humble posture, Miki pleads for the world's understanding and cooperation:

Japan is resolved to strive for the promotion of dialogue and cooperation in the spirit of reciprocity and mutual benefit with a view to building harmonious ties based upon understanding and responsibility among the nations of the world.

One may be tempted to laugh all this off as a politician's usual platitudes. But Miki is sufficiently different from many other leaders of Japan's Conservative party to inspire a measure of different expectations about the role of government and politics in economically troubled Japan. Note the phrase “dialogue and cooperation” in Miki's statement. This, in fact, represents the consensus among the leading nations of the world today.

NECESSITY FOR COOPERATION

In this essay, because of space limitations, I can only explore the state and prospect of “dialogue and cooperation” between Japan and the United States or between Japan and Europe, against the backdrop of resource scarcities. This does not mean that other countries, especially the oil-producing countries, are unimportant to Japan. But it recognizes that how Japan gets along with the United States and Europe is a powerful determinant of the scope and pattern of Japan's relationships with the oil-producing countries. There are three reasons for this. First, the

United States and Europe import oil from the same source countries as Japan does and will not tolerate Japan's direct deal arrangements with oil producers if they consider such arrangements detrimental to their national interests. On various occasions, the United States and Europe have already applied sanctions or other negative measures to Japan. A pauper's diplomacy must therefore not disregard such potent sources of benefits as well as damages as the United States and Europe.

Second, the salient fact of world economics is that one-half of the world's gross national product (GNP) is produced in the United States, the European Economic Community (EEC), and Japan in ratios of 3:2:1. If this concentration occurred in a major industry of a given country, a careful public surveillance of the top few producers would have to be maintained to check on what they do individually, collectively, in competition, or in collusion. Recent concern about "trilateralism" among the United States, the EEC and Japan heightens the significance of Japan's relationships with the other two areas.⁵

The third reason is a spillover or extension of the preceding one. When the Organization of Petroleum Exporting Countries (OPEC, or its Arab subset, the Organization of Arab Petroleum Exporting Countries, OAPEC) is brought into the scene, one faces a potentially unsavory, or even explosive, situation in which the United States-EEC-Japanese trilateralism confronts the oil producers' cartel. On the one hand, there is the possibility of unity or disunity, ranging from the trilateralism as a monolith to the disarray of its three components and the individual EEC member countries. On the other hand, the unity or disunity of the oil producers also ranges from the solid front of the cartel to its disintegration. No one can predict how these different degrees of unity or disunity on both sides will operate on any specific issue and how the situation will evolve. In any case, Japan finds herself in a most delicate position, troubled by such questions as to what extent she should be a party to the trilateralism, to what extent she can go it alone with the OPEC, OAPEC or their member countries, and in what ways she should look elsewhere for new economic relationships or arrangements. Unfortunately, this essay cannot even begin to scratch any of these important and tantalizing

questions. It therefore settles down to taking the United States and the EEC in turn, to discuss Japan's relationships with them in that order.

JAPAN AND THE UNITED STATES

Since the Nixon "shocks" of 1971,** Japan has shown a commendable degree of flexibility in domestic and international economic policy, guided by an emphasis on the avoidance of confrontation and on a willingness to accommodate and compromise. Trade statistics bear this out in part. United States-Japanese trade in 1971 ended in a surplus of \$3.4 billion in Japan's favor, which was about one-half of Japan's total trade surplus from international trade. At the same time, about 31 percent of Japan's exports were sent to the United States. This latter figure particularly annoyed the policy makers of the United States, who thought that the Japanese were unfairly concentrating their sales efforts on the United States markets. Complaints about the Japanese "invasion" of the United States became louder and louder. The frightened Japanese naturally did everything to appease or please the United States. Thanks to intensified efforts (under pressure from the United States), Japan today is unquestionably one of the most open countries in the whole world in international trade and investment.⁶

The United States has benefited considerably from Japan's achievements in the liberalization of trade and investment. Although, because of the time lag in the adjustment process, Japan's trade surplus with the United States in 1972 was larger than it had been in 1971, there was a substantial improvement in 1973, when the surplus with the United States was reduced to one-third of the surplus of the previous year (from \$3.9 billion in 1972 to \$1.3 billion in 1973). During the first ten months of 1974, the trade balance between Japan and the United States even turned *against* Japan by \$20 million.⁷ Thus, Japan has clearly shown the United States that she meant business when she earlier promised cooperation with the United States for the improvement of the United States trade balances with Japan.

Harsher critics might say, however, that Japan should return to the United States all those dollars that Japan had earned from trade with the United States over many years. Although this kind of claim borders on sheer irrationality, the Japanese achievements in this respect are even more impressive. Through technological imports, earnings of United States enterprises in Japan, many other items of non-merchandise ("invisible") trade, and Japanese capital exports to the United States, Japan actually returned \$2.3 billion to the United States in 1973. Although the merchandise trade netted Japan more than a billion dollars, as mentioned above, that surplus and an additional billion were "recycled" (in today's

** See the article by Hideo Sato in this issue, particularly pp. 156, 157.

⁵ It may be noted that the publication of the Chicago Council on Foreign Relations mentioned above was inspired by this concern.

⁶ For events during 1971 and 1972, see Koji Taira, "Power and Trade in U.S.-Japanese Relations," *Asian Survey*, vol. 12, no. 11 (November, 1972), pp. 980-998.

⁷ At the time of writing this essay, the latest data available to me are from *Balance of Payments Monthly No. 100* (November, 1974) published by the Bank of Japan.

language, inspired by the "oil dollars") back into the United States economy. (The full account of United States-Japanese trade and investment for 1974 is not available at the time of writing this essay. But one may expect from partial data on trade and aggregate tendencies of Japan's capital exports that more dollars flowed back to the United States in 1974 than in 1973.)

United States-Japanese relations may be placed in proper perspective when attention is paid to Japan's relations with the entire world in the areas of trade and investment. The United States has shown visible irritation about the fact that the United States is Japan's largest single trading partner. It is evidently considered bad for the United States to be as closely related to Japan as the trade and investment figures mentioned above indicate. Since this belongs in the category of "gut feeling" that by nature cannot be clearly spelled out, the Japanese might simply consider it as one of the "given" conditions that constrain their international activities. Thus, "given" the United States desire for reduced economic interdependence with Japan, what is least painful for Japan is to keep reducing the interdependence until the United States is satisfied. One of the implications of this unhappy situation is that in matters of trade and investment, countries can be not just "interdependent" but may be "over dependent" upon one another beyond the level of tolerance for some of them. (The current United States desire for "energy independence" is an example of international "overdependence" beyond the level of tolerance.)

In 1971 and 1972, Japan's exports to the United States were 31.5 percent of Japan's total exports to the world. In 1973, the percentage dropped to 29 percent. During the first ten months of 1974, the percentage dropped further to 23.8 percent. The United States-Japanese trade disengagement has been going on at a considerable speed. This inevitably raises the question of how far this percentage should fall in order to reach its optimum. One rough guide for the distribution of a country's exports to other countries may be to follow the relative shares of various countries in the world GNP. Since the United States produces about 30 percent of the world GNP (or 33 percent, after Japan's share is netted out), it is no mystery that the United States markets should attract about one-third of the goods that Japan makes available for other countries through exports. From this point of view, Japan's 1974 share of the United States markets was already too low.

Another rough guide is to see the same thing from the point of view of the United States. The 1973

⁸ Koji Taira, "Japan and the 'Smaller States' of Asia," *Current History*, vol. 65, no. 387 (November, 1973), pp. 197-201, 230.

imports of the United States from the world amounted to \$69 billion. If this sum is distributed over various countries in proportion to their GNP's, Japan's share would amount to \$9.7 billion, because Japan's share in the world GNP, after netting the United States share out, was 14 percent, on the basis of 1973 statistics. Interestingly enough, this hypothetical share of Japan in the United States import markets is slightly larger than the actual dollar volume of United States imports from Japan in 1973. Although all data are not yet available for 1974, similar calculations would show that the actual United States imports from Japan fell considerably short of the hypothetical in 1974. Although the second rough guide should give a lower share to a country exporting to the United States than the first, because of a lower trade-GNP ratio for the United States than for most trading countries of the world, the two suggested guides imply that, between 1973 and 1974, trade linkages between the United States and Japan began to weaken more than was justified by the relative sizes of the two economies, with respect to each other as well as in relation to the world GNP. The disengagement that cannot be justified by economic and market criteria, however, can be justified politically. Until political necessities make the United States and Japan mutually more tolerant, Japan should probably maintain the 1973 level of interdependence with the United States and aim at an "orderly" expansion of trade with the United States as the overall trade-GNP ratio of the United States rises.

Thanks to the Nixon "shocks," the Japanese have learned a few lessons about the political implications of international economic relations. Similar limits of tolerance for trading with Japan may have been reached in several Southeast Asian countries, as evidenced by spontaneous or organized demonstrations against the Japanese economic "invasion" of these countries. Underlying trade statistics show several danger spots in Asia for Japan.⁸ For reasons that have been made clear in connection with United States-Japanese relations, it would be wise for Japan not to attempt further trade expansion in Southeast

(Continued on page 179)

Koji Taira has taught at the University of the Ryukyus, the University of Washington, and Stanford University, and was an official of the International Labour Office in Geneva, Switzerland. He is currently Professor of Economics in the Department of Economics and in the Institute of Labor and Industrial Relations at the University of Illinois. He is the author of *Economic Development and the Labor Market in Japan* (New York: Columbia University Press, 1970) and *Ningensei no keizaigaku* (Humane Economics) (Tokyo, 1970).

"... present policy seems to indicate a decision by Japan's political leadership to forego, at least for the next several years, any attempt to revive Japan's high growth rate; instead, the leadership will apparently settle for a lower rate of GNP increase."

Japan's Economy: End of the Miracle?

BY SOLOMON B. LEVINE

Professor of Business and Economics, University of Wisconsin, Madison

AFTER TWO DECADES of unhalting and unmatched high speed growth, the Japanese economy by the mid-1970's had run up against a host of constraints. A prolonged slowing down of the economic acceleration that in two decades lifted Japan's gross national product from a level of "backwardness" to the third highest GNP in the world (after the United States and the U.S.S.R.) is now likely. Japan is encountering the steep recession and inflation that spread throughout most advanced industrialized nations in the past year, but she also faces longer-run limitations because of sharply increased costs of imported raw materials and food, the severe social consequences of intense domestic land use, tight supplies of labor skills for an increasingly sophisticated technology, and the diversification and multiplication of wants and needs associated with post-industrial society.

Basically, these trends reflect the complex interdependence of national economies—an interdependence forged since World War II by the rapid expansion of world trade, widespread industrialization, and shifts in economic specialization among both advanced and less developed countries. Like other trading nations, Japan has become more and more "vulnerable" to changes in economic and political conditions abroad and sensitive to a growing backlog of unmet demands at home. This article focuses primarily on her domestic problems.¹

EMERGENCE OF POST-INDUSTRIALISM

Achieving the highest economic growth rate among major countries, about ten percent a year from 1955 to 1970 (and again in 1972), Japanese political and industrial leadership could count on a widespread popular consensus in support of a "production first"

policy. This gave foremost priority to increasing the output of modern industry, with only incidental attention to the social costs generated in the process and to basic social changes largely induced by the high growth itself. Indeed, it was commonly assumed in Japan that rapid economic advance would itself solve such problems, largely by means of established social institutions and market mechanisms.² Few realized until fairly recently that traditional institutional arrangements had to be replaced to cope with increasingly intricate social phenomena spawned by rapid growth. Major changes were needed in family and community structures, demographic patterns, education and employment systems, urban living conditions, and human values themselves. As they led to a diversity of interests and fed underlying social tension—hallmarks of post-industrialism—these changes undermined the popular consensus for the "production first" policy.

Now Japan must figure out how to divert economic resources to meet the unmet backlog of demands while maintaining sizable economic growth rates. Even without the current world "stagflation," the Japanese economy by the early 1970's appeared to be entering a period of pause as a national debate mounted over a re-ordering of the country's priorities. Malaise and disappointment in the meantime were spreading.

While these problems are familiar to most Americans and West Europeans, the Japanese have felt them acutely because of the abrupt transition. They have been exacerbated, of course, by recent outside events, such as the realignment of foreign exchange rates and increases in petroleum and raw material prices, which deprived Japan of favorable conditions for rapid growth. Japan's margin for simultaneously maintaining industrial advance and achieving institutional innovation thus has declined more quickly than anticipated.

Among the most prominent of the social problems are urban congestion, air and water pollution, inad-

¹ For an analysis of Japan's foreign trade developments, see the article by Koji Taira in this issue.

² The author is indebted to John W. Bennett for his collaboration in a study of this theme in a still unpublished work.

equate housing, low levels of social security, sparse recreation and leisure facilities, weak protection against unsafe consumer products, threats to health maintenance, and inappropriate educational opportunities. Along with material production, these are the direct results of a hyperdeveloped industrialization. However, with an average per capita income of only about half that of the United States (though perhaps distributed more equally), Japan's ability to improve these conditions quickly is apparently limited.

As this writer pointed out in an earlier issue,³ Japan's high speed growth has been frustrating as well as satisfying. Indeed, the more material success achieved, the greater have become the perceived deprivations—heightened, no doubt, by increasing information about living standards in other advanced economies. In a sense (as others have noted), post-industrial society came to Japan when her industrialization was far from complete.

The euphoria that enveloped Japan in the late 1950's and throughout the 1960's was the result of a special combination of several favorable conditions that were actually temporary. Japanese modern economic growth has been comparatively high ever since the Meiji Era. Yet the sharp acceleration of real growth rates from an average of about four to five percent per year in the pre-World War II decade to ten percent or more in the 1950's and 1960's emerged only in part because of Japan's ability to save, invest, and manage economic resources more fully and efficiently. Equally important, Japan enjoyed a close interlocking with the American and other advanced Western economies, relatively easy access to low-cost raw materials and high-level technology, expanding foreign markets in both the developed and less developed areas of the world, avoidance of unproductive defense burdens, under-valued yen exchange rates, and international tolerance for Japan's tight government regulation of industry and control of international transactions and foreign competition in Japanese markets. A number of these advantages have disappeared or are weakening.

It is not clear how much of the Japanese economic "miracle" was due to domestic factors and how much to foreign factors. But whatever the source, some of Japan's advantages have probably disappeared as Japan has caught up with the West in terms of technology and industrial structure. This leaves in doubt Japan's ability to retain an annual ten percent real growth rate for a sustained period of years, and predictions of just a few years ago that Japan will be-

come the world's leading industrial nation by the turn of the twenty-first century is also in question.

A slowdown is also likely in order to take care of needs neglected during the era of high growth. The Japanese government itself has compiled a long list of the unfulfilled economic and social deficiencies that have become pressing priorities that may not be put off much longer.⁴

POPULATION AGING AND FAMILY NUCLEARIZATION

Japan's population is getting older. As industrialization proceeded to higher levels, family formation and reproduction in Japan followed the pattern of transition that earlier occurred in other advanced industrialized nations. With a rapid decrease in postwar birthrates and increasing longevity (aided especially by advances in medicine and hygiene), Japan's population of close to 110 million contains a considerably higher proportion of older people than ever before. The percentage of Japanese 60 years of age or older recently reached almost 12 percent, nearly double what it was in 1955. Two-thirds of the Japanese, in fact, were 65 or over, and more than one-third were 70 or over. While these figures are not yet so high as in other advanced industrial societies, they have been growing steadily and promise to continue to do so. By the end of the century, probably one out of every five Japanese will be 60 years old or older; one out of seven will be over 65; and one out of 10 will be at least 70.

Population aging will bring far more concern for the needs of older people in Japan in terms of adequate income, medical care, housing facilities, and the like. A quarter of a century hence Japan's image is likely to have changed sharply. Instead of a young, energetic, dynamic society, associated with the economically very active years of the postwar era, Japan will have a less bustling and more sedate society. Hospital modernization, nursing homes, and other old-age care facilities still await development.

Coupled with the problem of an aging population has been a steady decline in large households and an increase in small households. While exact figures do not exist because of conceptual problems, this trend appears to reflect a decreasing reliance upon extended family structures—long identified with Japan's agrarian and village tradition—as basic economic entities in the Japanese consumer and labor sectors. Nuclear families, composed of wife and husband and their offspring, and single-person households have become increasingly characteristic of Japan. Between 1965 and 1971, for example, households with one to four persons increased from 65 percent of the total to 75 percent, indicating a long-term trend in this direction.

One outcome appears to be the separation in

³ See "Japan's Growth Economy: Joy and Anguish," *Current History*, April, 1971, pp. 218-224, 243.

⁴ For a full analysis in English, see Economic Planning Agency, Japanese Government, *Whitepaper on National Life 1973: The Life and Its Quality in Japan* (Tokyo, 1973).

most housing of older persons from younger family members, with the probable lessening of feelings of responsibility by the young for the old. It is notable, for example, that among the households receiving public welfare assistance, the proportion of one-person household recipients grew from about 40 percent in 1965 to more than 52 percent in 1971 (although the proportion of all such households rose only from around 18 percent to 20 percent in the same period); and household public assistance recipients with elderly members (usually over 65 years of age) grew from 23 percent in 1965 to 31 percent in 1971. Such developments have made obsolete Japan's long-standing dependence upon the private household and private enterprise to provide for the needs of older people, invalids, handicapped, and fatherless families.

In somewhat belated recognition of this change, the Japanese government recently has begun to take steps to improve and extend Japan's system of old-age social security as part of the process of closing the "welfare gap" that is likely to continue for a long period to come. At present, however, Japan's government expenditures on social security (including retirement allowances) as a percentage of gross national product, while comparing favorably with the United States (but, as mentioned, with only half the average per capita real income), are only one-fourth to one-third the expenditures of West European countries (which have comparable levels of real per capita income on the average).

No doubt, these developments are a direct result of the concentration of population in industrialized urban areas, and a massive shift of the nation's labor force to the status of industrial wage and salary earners—for which extended family structures are not especially functional. They also reflect a change in value orientation from traditional group goal-seeking to individualistic or occupation-oriented group goal-seeking and activity as affluence spreads.

URBANIZATION AND POPULATION DENSIFICATION

Intense urbanization has been the inevitable accompaniment of Japan's high speed industrialization. Concentration of both population and industrial activity in central locations no doubt afforded major economic advantages for rapid economic growth: the creation of mass markets, large-scale organization, division of labor, fast transportation and communication, intensive use of capital equipment and infrastructure investment, and the like. The huge coastal megalopolis from Tokyo to Osaka-Kobe—a stretch of

300 miles in which one-third of Japan's population lives—is only one manifestation of this great change. Whereas in 1920 only about one-eighth of Japan's population lived in cities with 100,000 or more persons (when the total population was about 56 million), by 1970, more than one-half did so (with almost double the total population). Over the same period, the population living in communities with 10,000 or fewer persons declined from almost 70 percent to less than 10 percent.

While these figures somewhat exaggerate the change because of the official mergers of cities and towns, Japan's population densification because of urbanization is startling compared to other industrialized nations. In the city of Tokyo alone, in 1970, there were more than 15,000 persons per square kilometer. Japan has become a highly urbanized society, leaving far behind in history the image of Japan as a land of pleasant gardens and rustic rice paddies.

The rapid transformation to urbanism has saddled Japan with all the difficulties encountered by industrial urbanization everywhere. Until recently, little effort went into achieving institutional innovation in the cities. Despite attempts at urban planning and with some magnificent achievements in transportation (high speed railways, rapid transit subways, and superhighways), urban sites and living arrangements that were originally designed for a feudalistic society were utilized as they were for modern industrial activity. This meant a low priority for quality home construction, for allocation of land for housing accommodations, leisure, and recreation, for controls over congestion, pollution, and wastes, for the development of efficient systems of distribution and the avoidance of safety hazards—all problems that require a high degree of collective consumption and investment. Rather, in the pell-mell rush to industrialize, full leeway was given to private exploitation of land, water, and air for production purposes. If Japan "over-utilized" her natural environment for producing heavy industrial goods (ships, steel, automobiles, machinery and equipment, chemicals), this occurred mainly in the cities amidst densely growing populations.

Under these circumstances, it was not surprising that, at the recent Stockholm Conference, even the Japanese government described Japan as the most polluted nation on earth. Pressured by numerous protest groups that organized throughout Japan in the mid-1960's, anti-pollution activity in Japan has come to the fore in Japanese thinking.

Efforts have been made, especially by Japan's official Environment Agency, to measure the degree of pollution as precisely as possible and to determine what steps must be taken to reduce pollution to safe levels.⁵ While some progress has been made, as in

⁵ For a review of Japan's pollution problems, see John W. Bennett, Sukehiro Hasegawa, and Solomon B. Levine, "Japan: Are There Limits to Growth?" *Environment*, December, 1963, pp. 6-13.

the United States, much remains to be achieved. But Japan's pollution problems do not appear to be merely a matter of technological control, monitoring and enforcement. They are deeply imbedded in the Japanese arrangements for land use, industrial siting, and urban living patterns, which became inextricably interwoven with rapid economic growth. To undo these arrangements not only will be a long tortuous process, but also runs the risk of undermining the very economies achieved by concentrated urbanization and industrialization.

From the point of view of large sectors of the Japanese population, especially the burgeoning number of nuclear families, the most glaring shortcoming of urbanization has been inadequate housing. This problem is not so much an absolute shortage of housing units, as it was a few years ago; indeed, by the mid-1960's the supply of dwellings finally caught up with the number of households (today about 28 million) and since then has actually been slightly in surplus. However, families are frustrated by the lack of space and amenities, and an inability to obtain ownership. Today, the average Japanese residence, usually with four occupants, contains only about 800 square feet of living space.⁶ In a large minority of cases, this also means no private facilities for bath and toilet, running water, and even cooking. Privately owned houses tend on the average to be twice the size of rental units, but for the nation as a whole in 1971 only 42 percent of all dwellings were owned on a private basis (and in Tokyo only 13.5 percent). These figures actually represent slight declines from 1966 when demand for and supply of dwellings finally became about equal. It is especially frustrating that monthly rentals per square foot have been rising sharply over the years (in the large cities doubling or tripling between 1965 and 1967 alone); while at the same time the cost of land for constructing private homes has virtually zoomed out of sight in the urban and suburban areas in the near rampant recent inflation.

Many city families, who hoped to use their savings to move out of small rental units into their own homes (a major reason for Japan's high rate of savings) in the 1960's, have abandoned this aspiration. This, of course, means not only settling for very crowded living quarters, but for polluted water and air, noise and odors, hazardous traffic and street conditions, remote and small outdoor park and recreation areas (often operated privately with high fee charges), and lack of privacy. The alternative, moving to the suburbs, is not attractive either. With urban sprawl, because of industrial and commercial

land use and land speculation, a move often involves long distances to new communities made up of strangers and requires lengthy commuting to employment on increasingly crowded public transportation. An average family thinks twice about sinking its savings or going into debt for a proposition that may prove to be little better than remaining close to the center of the city. The dream of a "reconstructed Japanese archipelago," proposed by former Prime Minister Kakuei Tanaka, in which physical living and employment conditions would eliminate the ills that beset Japan's cities, may take another generation or two to fulfill, if that soon.

EMPLOYMENT AND EDUCATION PATTERNS

Additional stresses in Japan's industrial economy have emerged from the need to adjust employment and educational patterns to one another. Modern industrialization and urbanization have increasingly converted Japan's labor force into an army of wage and salary earners dependent on impersonal organizations. The total labor force of Japan grew from about 45 million in 1960 to 53 million in 1974, but the total in wage and salary employment rose from 23 million to 36 million in the same period. The increase absorbed almost all the new young entrants from school into work, and drew significant numbers away from self-employment and family work. It virtually exhausted the potential of the agrarian sector to transfer its members to non-agricultural work, as employment in agriculture and forestry precipitously declined from close to 13 million in 1960 to less than 7 million in 1974.⁷

Several important trends emerged with this shifting employment pattern. Employers wanted to hire only young people, believing that they would readily accept low wage rates (given the widespread system of wage payment based mainly on length of service and experience) and would require fewer fringe benefits (such as housing, family, and retirement allowances). Also, it was widely believed that the young were more adaptable than older workers to the living conditions of the city and, under promises of lifetime employment with a given firm, would more easily develop skills and discipline for new technological and organizational changes.

An upshot of this employment pattern has been the continuation of early "retirement," between age 55 and 60 in most cases, and enormous competition for young workers, especially for those just graduating from school. However, as the supply of young workers became exhausted by the early 1960's, especially as more and more chose to remain out of the labor market and to continue into higher levels of education, and as the demand for labor remained high because of the rapid economic growth rate, pressure for wage increases mounted. Modern urban living had

⁶ Katsuhiko Fujiwara, "Another Aspect of Japan," United States-Japan Trade Council, Washington, D.C., 1974, p. 5.

⁷ *Japan Labor Bulletin*, November, 1974.

multiplied the types of goods and services now considered as necessities.

Labor unions, usually organized in single enterprise-wide entities in the large private firms and government-sectors where demands could be strongly applied, pressed for wage increases. Increasingly, they succeeded in coordinating their bargaining efforts through such devices as the annual "Spring Wage Struggle." Coupled with reduced hours of work (the five-day week is now becoming standard in Japan), employer concessions to mounting labor demands for annual wage and money fringe improvements permitted workers to capture a larger share of the productivity gains and may have contributed to a cost-induced wage-price spiral—a phenomenon not unfamiliar in the West.

OLDER WORKERS

Yet many older workers were seriously neglected. Few programs were planned for retaining and retraining the worker nearing "retirement"; and, although most of such "retirees" receive retirement allowances and pensions, these benefits usually prove sorely inadequate for rising living expenses, especially in view of the fact that retirees must wait until the age of 60 or 65 to participate in adequate public social security schemes. Most, therefore, must seek new employment, usually in jobs with wage rates and benefits considerably below what they had earned before "retirement." While the Japanese government is in the process of improving the old-age social security system, it is also notable that more than one-third of the persons 65 and older in Japan continue in employment—about double the percentage in the United States and 2.5 times that of West Germany.⁸ Again, to improve this situation entails a long-term program of increased retirement benefits and altered labor market practices. Such a program could enhance the productiveness of the Japanese economy in the longer run by overcoming present inflexibility in labor skill utilization.

One way to alter the employment pattern would be to revamp the educational system. With the enormous demand for education by the young in order to obtain promising employment opportunities (especially in firms that offer rising wages and job security to new school graduates), high school attendance grew 2.5 times since the early 1960's, to 90 percent of the relevant age group in 1973. A similar spurt of high school graduates going on to higher education has raised college and university enrollments to more than 31 percent in the same period.⁹ It is expected that these proportions will continue to increase and in a few years college and university

enrollment will very probably reach American levels.

These dramatic changes in the educational preparation of young workers will probably have a profound impact on employer-employee relations in Japan. While further education may not lessen the motivation to work, it is likely to generate an increased willingness to shift places of employment and to seek out occupations more in keeping with individual capacities and aspirations. Higher educational levels are also likely to lead to increasing diversity of consumption patterns, including opportunities for "active" recreation and leisure.

In terms of vocational and career preparation, educational facilities and curricula have severe shortcomings. Japan has long relied on private enterprise, usually the large firms, rather than on the public education system to train selected groups of employees for specific needs. The growing technological and organizational complexity of the post-industrial society appears to make such a manpower strategy too rigid—especially if Japan succeeds in developing knowledge-intensive industry while shifting raw material processing and sub-assembly industries abroad. Yet, up to now, three-quarters of higher education is offered by private institutions which, for financial reasons alone, hesitate to revamp their curricula along professional and occupational lines. It appears that far more public-sponsored programs will be required to bring about the necessary revisions and at the same time remove the heavy burden of education expense from families already sorely beset by the array of problems that have emerged in the urban-industrial society. Also, they appear increasingly necessary in order to assure indigenous research and technological developments that are no longer easily available from foreign sources.

"STAGFLATION": AN ADDED WOE

The recent upheaval in world economic conditions exacerbates underlying problems in Japan and constitutes a continuing constraint on future Japanese economic growth. Rapid inflation in consumer prices and in the cost of vital raw materials, notably oil, has depressed the confidence of many Japanese that they can achieve a "superstate" economy. For the 1973 fiscal year (April, 1973–March, 1974), the Japanese government's *Economic White Paper for 1974* (Continued on page 181)

Solomon B. Levine serves as chairman of the East Asian Studies Program at the University of Wisconsin, Madison. He specializes in the study of labor and social conditions in Japan, which he has visited on numerous occasions beginning with the Allied Occupation. He is the author of various books and journal articles on Japan, labor problems, and economic developments.

⁸ International Labor Organization, *Yearbook of Labor Statistics*, Geneva, 1971.

⁹ See *Japan Report*, Consulate General of Japan, New York, April 1, 1974.

"In the final analysis, whether the United States and Japan can maintain a viable relationship will depend on how much dialogue takes place between Americans and the Japanese opposition groups and on who controls the Japanese government."

United States-Japanese Relations: A Japanese View

BY HIDEO SATO

Research Associate, Foreign Policy Studies Program, The Brookings Institution

PRESIDENT GERALD FORD visited Japan in November, 1974, a "historic first" state visit by an incumbent United States President. His trip was lauded by many United States and Japanese observers for its "symbolic" importance, and it was no doubt a bright spot in United States-Japanese relations, which recently had seen considerable strain. In his address before the Press Club in Tokyo, the President emphasized that Japan and the United States are "not just temporary allies" but "permanent friends." Yet the question remains: will the United States-Japanese alliance remain viable despite changing domestic and international conditions? Before this question is answered, the postwar evolution of United States-Japanese relations must be set in perspective to see how the alliance has thus far been challenged by changing circumstances.

In 1945, the United States was the victor and Japan the vanquished. The American occupation was first intended to punish Japan and to prevent her from becoming a military threat again. Japan was thus completely stripped of her military machine; her "peace" constitution, which was drafted under

United States General Douglas MacArthur's guidance in 1947, renounced war as a sovereign right of the nation and renounced the threat or use of force as a means of settling international disputes. With the onset of the cold war, however, American policy makers came to realize the importance of Japan as a potential ally in the "free world." The Communist victory in mainland China in 1949 and the outbreak of the Korean War in 1950 further strengthened this view in the United States. For this reason, in restoring Japan's independence in the San Francisco peace settlement, the United States tied Japan closely to its principal purpose, fighting communism. Negotiating the peace treaty, Special Adviser to the United States Secretary of State John Foster Dulles acquired a prior Japanese agreement to conclude a mutual security treaty, sign a bilateral peace treaty with the Republic of China in Taiwan (rather than with the Communist government on mainland China), and to move gradually toward rearmament.¹ This also meant that the United States, which helped Japan achieve initial economic stabilization during the occupation, would continue to extend various forms of assistance in the recovery and the development of the Japanese economy.

Japanese leaders considered the American connection favorable to Japanese interests. Prime Minister Shigeru Yoshida and other conservative political leaders knew that the mutual security treaty was not really "mutual,"² and they did not seek a Japanese alliance on one side of the cold war. But Japan had neither the will nor the means to defend herself; the primary concern of the nation was economic recovery and development. The alliance would at least make it possible for Japan to concentrate on economic reconstruction without worrying too much about external security.

From the very beginning, however, the American military connection fueled bitter criticism from vari-

¹ For a comprehensive account of the Japanese peace settlement, see Frederick Dunn, *Peacemaking and the Settlement with Japan* (Princeton: Princeton University Press, 1963). The San Francisco peace treaty was signed on September 8, 1951, by representatives of 49 nations (with Russia, Poland, and Czechoslovakia abstaining). The same day, the United States signed a mutual security treaty with Japan. Then, on April 28, 1952, when both treaties officially came into effect, Japan signed a bilateral peace treaty with the Republic of China.

² In the treaty, Japan allowed the continued stationing of American troops on her territory, which could be used in any conflict involving the United States. On the other hand, there was no explicit American guarantee to protect Japan from external aggression. Japanese government leaders apparently thought the implicit guarantee in the treaty was sufficient, at least for the time being. See Martin Weinstein, *Japan's Postwar Defense Policy, 1947-1968* (New York & London: Columbia University Press, 1971), pp. 44-45.

ous domestic groups in Japan, including the leftist opposition, organized labor, intellectuals and students. These groups assailed the Japanese leadership for having agreed to the so-called "San Francisco system"—the treaty framework established at San Francisco in 1951 that tied Japan to the United States global strategy against the Communist bloc. Critics contended that Japan's military alliance with the United States would increase tension in the Far East and therefore would increase the possibility of a war in which Japan might be involved; they urged a policy of demilitarized neutralism as the best security for Japan.³ Idealistic as this view may have been, it had considerable appeal to the Japanese people, who had been disillusioned with militarism and were weary of international involvement.⁴ Ever since, Japanese foreign policy has been polarized between the conservative party in power (Liberal Democratic party since a conservative merger in 1955), the administrative bureaucracy, and the big business community committed to the American security connection, on the one hand, and opposition groups demanding the abrogation of the United States-Japanese security treaty, on the other.

³ For a detailed discussion of neutralism in Japan, see Shigeo Sugiyama, "Nippon ni okeru churitsu ron" in *Churitsushugi No Kenkyu*, vol. 2 (Tokyo: Kokusai Mondai Kenkyusho, 1961), pp. 393-424. See also Ivan I. Morris, "Japanese Foreign Policy and Neutralism," *International Affairs*, January, 1960.

⁴ According to an opinion survey on Japanese security conducted by the *Asahi Shimbun* on January 18, 1960, 35 percent of the people polled supported demilitarized neutralism.

⁵ For a discussion of Japanese pacifism, see Naoki Kobayashi, "The Japanese People and the Peace Article," *Japan Quarterly*, vol. 13, no. 3 (September-October, 1966). See also John K. Emmerson, "Japan: Eye on 1970," *Foreign Affairs*, January, 1969.

⁶ Immediately after gaining independence, the Japanese government reorganized the National Police Reserve, created during the occupation, into a National Safety Agency and a Maritime Safety Force. What is now called the Self-Defense Forces were created in 1954. See Weinstein, *op. cit.*, pp. 69-78. See also 1970 *nen no Seiji Kadai* (Political Questions for 1970) (Tokyo: Asahi Shimbunsha, 1967), pp. 76-78.

⁷ In spite of Hatoyama's overture to the Soviet Union, the United States government stood fast to the United States-Japanese alliance because it appreciated the Japanese readiness to rearm. Weinstein, *op. cit.*, p. 77.

⁸ The number of troops was reduced from 210,000 in 1954 to 87,000 in 1957 in keeping with America's New Look Strategy. See Weinstein, *op. cit.*, p. 77, and *Shorai no Anpo Taisei to Nihon* (Future U.S.-Japanese Security Alliance and Japan) (Tokyo: Asahi Shimbunsha, 1967), p. 116.

⁹ The spirit behind the anti-treaty movement was greatly enhanced in 1959 when the Tokyo District Court ruled American bases in Japan unconstitutional in connection with the so-called Sunakawa incident.

¹⁰ In the new treaty, there is an explicit United States guarantee to protect Japan, and the United States is to arrange "prior consultation" for launching combat operations from bases in Japan as well as for bringing nuclear weapons into Japanese territory.

Under these circumstances, Japan's relationship with the United States has been maintained by the conservative leadership, which has been trying to keep the opposition in check. LDP leaders and Foreign Ministry officials have tried to minimize public discussion of security-related matters that might become controversial in Japanese domestic politics. After all, pacifism was (and still is) a strong element in Japan.⁵ Because of Japanese dependence on the United States in the alliance, the opposition could also appeal to the inherent nationalist sentiment of the Japanese public, though in the postwar period it took some time for the Japanese to recover their sense of national pride.

United States-Japanese relations in the 1950's were basically harmonious. Stimulated by Korean War procurements and by increasing American purchases, the Japanese economy steadily improved, and Japanese production reached its prewar level in 1955. For the conservative Japanese leadership this was a confirmation of the validity of the United States connection. In accordance with an earlier understanding with the United States, Japan gradually moved toward rearmament.⁶ Domestic resistance to this rearmament was minimized because Prime Minister Ishiro Hatoyama tried to improve relations with the Soviet Union⁷ and because the number of American troops was considerably reduced during 1954-1957.⁸ Besides, in the atmosphere of a steady improvement of daily life there was little incentive for a major protest movement. American government leaders were soon impressed with the Japanese ability to recover and develop economically, and became more aware of the importance of Japan as an ally. They also began to appreciate the Japanese rearmament efforts.

Toward the end of the decade, however, the American military connection was challenged in Japan more openly than before, and the confrontation between the government and opposition groups intensified. Ironically, Prime Minister Nobusuke Kishi's attempt to revise the "unequal" security treaty encouraged the opposition to intensify movements to abrogate the United States-Japanese security treaty.⁹

In spite of the widespread anti-treaty movement in Japan (and despite lack of consensus within his party over the terms of treaty revision), Kishi stepped up the negotiations with the United States government and the two countries signed a new security treaty that clearly created more mutuality in the United States-Japanese relationship.¹⁰ However, submission of the treaty to the Diet for ratification renewed the debate between the LDP and the opposition; in countering the opposition's delaying tactics, Kishi resorted to shrewd maneuvers that culminated in the ratification of the treaty in the lower house without the knowledge or presence of the opposition mem-

bers.¹¹ Kishi timed the lower house action in such a way that automatic ratification by the upper house would take effect on the day of United States President Dwight D. Eisenhower's scheduled Tokyo visit in June, 1960. The high-handed way Kishi pushed the treaty through the Diet and the fact that he was using Eisenhower's state visit to maintain his own power enraged the Japanese. Many people (including some members of his own party) came to demand Kishi's resignation to save "democracy."

In the meantime, the so-called U-2 incident* wrecked the United States-Soviet summit talks in Paris and heightened international tension, leading many Japanese to realize the danger of joining the United States in a military alliance. Accordingly, waves of anti-Kishi and anti-treaty demonstrations spread across the country. Kishi dismissed them as "an international Communist plot,"¹² and many United States officials apparently echoed his view. United States Secretary of State Christian Herter was convinced that any deferment of the Eisenhower visit would weaken the Kishi government and encourage opponents of the United States-Japanese alliance.¹³

Only as the demonstrations became uncontrollable did Kishi signal Eisenhower (on June 16, 1960) to cancel the visit, and announced his own resignation. This last-minute cancellation notice was no doubt a serious blow to Eisenhower, who had expected a warm welcome in Japan; the cancellation was regarded by many as the first serious crisis in United States-Japanese relations in the postwar period. It should be

* In May, 1960, a U-2 American espionage plane was downed in the Soviet Union, an incident that angered the Soviet Union and embarrassed American diplomats.

¹¹ For an interesting account of the security treaty revision in Japan, see George Packard III, *The Protest in Tokyo* (Princeton: Princeton University Press, 1966). See also the article by T. J. Pempel in this issue.

¹² *The Pacific Rivals* (New York & Tokyo: Weatherhill/Asahi, 1972), p. 218. See also *The New York Times*, May 25, 1960.

¹³ *The New York Times*, June 8, 1960.

¹⁴ Edwin O. Reischauer, "The Broken Dialogue," *Foreign Affairs*, October, 1960, p. 25.

¹⁵ Although Reischauer succeeded in expanding dialogue with various groups of Japanese, communication with Japanese opposition groups has remained essentially poor. *Pacific Rivals*, op. cit., p. 221.

¹⁶ For a discussion of the divergence of expectations between Japanese and Americans that gave rise to the "free ride" criticism, see Morton H. Halperin, "U.S.-Japanese Relations: The Changing Context," *Pacific Community*, October, 1973.

¹⁷ United States officials pushing the reversion argued that American failure to agree to reversion without nuclear weapons would help the opposition unseat the conservative government in Japan. For a detailed account of the Okinawa reversion issue, see a forthcoming Brookings Institution study on the subject by Priscilla Clapp and Haruhiro Fukui.

¹⁸ For a comprehensive story of the textile issue, see a forthcoming Brookings Institution case study on the United States-Japanese textile negotiations conducted by I. M. Destler, Haruhiro Fukui, and the author.

noted that this crisis was brought about because the United States government had been in contact with only the conservative Japanese leadership, which was favorable to the American security connection, and was misled about the Japanese opposition. As Edwin O. Reischauer wrote, the 1960 crisis exposed "a weakness of communication between the Western democracies and opposition elements in Japan."¹⁴

For a few years after the debacle of 1960, United States-Japanese relations improved. United States President John F. Kennedy named Reischauer as the United States Ambassador to Tokyo to improve communications with the Japanese people,¹⁵ and the two governments came to hold annual economic conferences among members of their Cabinets. Prime Minister Hayato Ikeda maintained a "low posture" in domestic and foreign policies, concentrating on his income-doubling plan, which soon turned out to be more than successful.

But ominous clouds soon appeared on the horizon. The Gulf of Tonkin incident in August, 1964, and the subsequent escalation of the war in Vietnam alarmed many Japanese and led them to criticize United States policy, though the Japanese government gave it official if perfunctory support. Continuation of the war became an increasingly greater strain on the United States economy. In the meantime, the Japanese economy grew rapidly every year; Japan's international trade balance was favorable in 1965 for the first time in the postwar period, and in 1968 Japan became the third largest economic power in terms of GNP. Under these circumstances, Americans began to criticize Japan for getting a "free ride," urging her to assume a military burden commensurate with her new economic power.¹⁶ At the same time, the great economic achievement further encouraged the revival of nationalism in Japan. This was reflected in an emotional call for the return of Okinawa to erase a "symbol of defeat." The Japanese demand strained the United States-Japanese alliance at a time when the United States was using Okinawa bases to launch combat operations in Vietnam.

A major crisis was avoided on the Okinawa issue. In November, 1969, in a summit meeting with Prime Minister Sato, United States President Richard Nixon agreed to "nuclear-free" (home-level) reversion of Okinawa to Japanese rule.¹⁷ But another crisis was in the offing on the economic front. In a *quid pro quo* for Okinawa reversion, Sato had promised Nixon to restrict Japan's wool and synthetic textile exports to the United States. But Japanese officials as well as textile industry leaders persistently resisted controls, claiming the United States demand was "unreasonable." The Japanese public praised this attitude as an expression of independence.¹⁸

Meanwhile, the international environment for

United States-Japanese relations was changing rapidly. On July 15, 1971, without consulting Japan in advance, President Nixon suddenly announced his plan to visit Peking. This was a great shock to the conservative Japanese leadership, which had been closely coordinating its China policy with the United States. After all, the United States had made Japan sign a peace treaty with the Taiwan government in 1952 in a containment policy against Peking. The United States was now proposing a rapprochement with Peking "over the head of Japan." In a similarly abrupt way, Nixon announced his New Economic Policy a month later, suspending the convertibility of gold into dollars and imposing a 10 percent surcharge on imports. While these two Nixon *shokku* were not aimed at Japan alone, they did affect Japan most severely, and the manner in which these actions were taken reduced America's credibility in the eyes of most Japanese, including the conservative governing elites.

The American credibility was further shattered 22 months later when the United States government, while urging Japan to buy more and more American products to close the trade imbalance between the two countries, suddenly imposed controls on soybean exports to Japan. The change in the international environment was also dramatized in the fall of 1973 after the outbreak of the Arab-Israeli conflict, when the Middle East oil-producing nations announced cuts in crude oil production. After several weeks of indecision, the Japanese government finally tilted Japan's policy toward the Arabs, calling on Israel to withdraw from all Arab territory. The U.S. government subsequently expressed discontent with the Japanese action.

Since the tenuous period of 1969-1973, United States-Japanese relations have again improved. In early 1975, there is no major issue immediately pending between the two countries. The nuclear issue in Japan, which was rekindled last year by the so-called LaRocque testimony,¹⁹ apparently subsided after United States President Ford's visit to Japan. Japan has rapidly liberalized trade and capital restrictions which were long a target of American criticism, and the United States-Japanese trade imbalance (against the United States), which reached \$4.1 billion in 1972, was reduced to \$1.3 billion in 1973, and was further reduced thereafter. In addition, there seems to be a greater awareness on both sides of the need to keep one another fully informed of any potential

difficulty. In proclaiming "a new era," President Ford assured his hosts in Tokyo (if not in so many words) that the period of the Nixon *shokku* ended with the Nixon administration.²⁰

Will United States-Japanese relations continue to improve, or is the present calm merely a temporary lull before another storm? To return to the question raised at the outset, will the United States-Japanese alliance remain viable? The answers to these questions depend first of all on the ability of the two countries to adjust themselves to the changing international system.

The world of the 1970's is markedly different from that of 1950 or even of 1960. The cold war tension that created the United States-Japanese alliance has given way to an era of détente in East-West relations, and economic relations are becoming increasingly multilateral.

The advent of the détente may mean to some Americans that Japan as an ally is no longer very important. Immediately after the Nixon *shokku* many Japanese thought that the Nixon administration was thinking just that. It should be remembered, however, that while the ideological tone of the East-West relationship has diminished (although ideological differences remain), the United States is no freer from superpower rivalry than it was a decade or two decades ago. Despite the détente, for instance, the United States would not like Japan to move too close to China or to the Soviet Union.

Détente may justify a looser military connection between Japan and the United States, in the sense that all or most United States troops can withdraw from Japan while keeping the United States nuclear umbrella over Japan.²¹ In turn, this may reduce internal Japanese opposition to the American security connection and may lighten the financial burden on the United States, thereby somewhat dampening the American criticism of Japan as a "free rider." In order to keep the American nuclear umbrella credible to potential aggressors, the two countries must maintain friendly relations, and while maintenance of an explicit military alliance may not be crucial, abrogation of the existing alliance would certainly decrease that credibility.

To the extent that economic issues become more and more multilateral, it will become harder for Japan and the United States to harmonize their interests. This is reflected in the present Japanese reluctance to endorse the American call for the solidarity of oil-consuming nations and the American reservation about joining Japan to finance the

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¹⁹ See Pempel, *op. cit.*

²⁰ See the Department of State *Bulletin*, vol. 71, no. 1852, December 23, 1974.

²¹ If a major Japanese rearmament should follow, or if the United States should press Japan to share America's defense burden in Asia as she withdraws, then this might again create an internal controversy in Japan and a serious concern among her neighbors.

Hideo Sato has been studying foreign policy making in Japan and the United States for the last two and one-half years.

"Major tests for the Miki leadership are just ahead; local elections in April, 1975, will be the first test of Miki's popularity. The parliamentary elections for the House of Representatives, which will probably take place late in 1975, will be the acid test of the Miki leadership and the conservative party."

The Crisis of Japan's Liberal Democratic Party

By HONG N. KIM

Associate Professor of Political Science, West Virginia University

FOR THE PAST 20 years, the dominant feature of Japanese politics has been the continuous rule of the Liberal Democratic party (LDP), which was established by the merger of two conservative parties in 1955. The LDP's remarkable success in retaining power for so long can be attributed to the fact that it has been able to respond effectively to the basic concerns of the Japanese electorate, namely, prosperity, peace and stability. Under the LDP's stewardship, Japan has been able to make rapid economic recovery and to achieve unprecedented economic prosperity. The phenomenal economic growth of the 1960's, for instance, brought about a quadrupling of Japan's gross national product (i.e., from \$50 billion in 1960 to nearly \$200 billion in 1970). By 1970, Japan ranked third in the world behind the United States and the Soviet Union in terms of gross national product. Thus the Japanese came to enjoy the so-called *Showa Genroku* (or peace and prosperity comparable to the fabled *Genroku* period) until 1972.

As long as the economy prospered, the LDP enjoyed the continued support of the Japanese electorate, claiming justifiably that: "You never had it so good, and we are responsible." Today, in the wake of serious economic slowdown and spiraling inflation, the situation is changing, as the recent political setbacks suffered by the conservative party clearly demonstrate. For the first time since 1955, a genuine sense of crisis prevails within the LDP.

The current crisis of the LDP stems largely from the steady decline of the party's support, particularly in the urban areas, where over two-thirds of the

Japanese are located. Although the LDP's electoral strength has remained relatively constant since 1955 (roughly 22 to 24 million votes in national elections), the party's percentage of the popular vote has steadily decreased. From a high of 57.8 percent in 1958, the party's share of the popular vote dropped to 46.9 percent in the 1972 general elections.¹ In the more recently held *Sangiin* (the House of Councilors) elections of 1974, its percentage of the popular vote plummeted further to 41.9 percent. Despite this steady decline, the party has managed to retain a comfortable majority in the lower house of the Diet because the existing electoral system heavily favors rural areas over the urban ones, thanks to the mal-apportionment of parliamentary seats between urban and rural districts. In the 1969 general elections, for instance, the LDP was able to secure 288 seats (59 percent) of 486 seats with less than 48 percent of the votes cast for conservative candidates. Again, in the 1972 elections, the LDP captured 271 (55 percent) of 491 seats in the House of Representatives with less than 47 percent of the popular vote.²

In spite of the fact that the conservatives secured a comfortable majority in the lower house of the Diet, the 1972 election results were disturbing to the LDP for a number of reasons. First, the LDP lost 26 seats (i.e., from 297 to 271), while the Communists and Socialists made substantial gains: the Communists nearly tripled their seats from 14 to 38, while the Socialists increased their seats from 90 to 118. Second, the LDP's decline in the major urban centers was conspicuous, while the Communists and Socialists did well in the urban districts. For instance, the LDP's share of parliamentary seats dropped from 44 to 36 in the 10 largest urban areas, which had a combined total of 110 seats.³ In contrast, the Communists increased their seats from 11 to 27, and the Socialists from 13 to 23 seats in the same areas.

¹ *Asahi Nenkan 1973* (Tokyo: Asahi Shimbun sha, 1973), p. 247.

² *Ibid.*

³ Hajime Ishii, *Jiminto yo Doko e Iku* (Tokyo: Nihon Seisansei Honbu, 1974), p. 9.

Third, the LDP's election setbacks took place when the party was in peak shape under Prime Minister Kakuei Tanaka, whose popularity was high after he normalized Japan's diplomatic relations with China.

The election results of 1972 in large cities and industrial centers indicated that the urban voter had noted the LDP's inability to cope with the deteriorating urban environment. "The fact that the JCP [Japan Communist party] became the third largest parliamentary party indicated," as one commentator notes, "that city dwellers have despaired of the conservative government's coming to grips with urban problems, including prices, pollution, land, housing and traffic."⁴

Essentially a rural and semi-rural political party, the LDP has not been able to respond effectively to the demands of the urban population.⁵ Beginning with the reelection of Ryokichi Minobe in the 1971 gubernatorial election in Tokyo, opposition-backed candidates have defeated LDP candidates in many local elections. By the spring of 1974, almost all the major metropolitan and urban governments in the crowded "Pacific Coastal Belt" (where close to two-thirds of the Japanese population are located) were headed by "progressive," opposition-backed mayors and governors. Specifically, seven prefectural governments, including Tokyo, Osaka and Kyoto, have "progressive" governors, while more than 150 city governments in such populous urban centers as Nagoya, Kobe and Yokohama are administered by the "progressive" mayors.⁶

The LDP's political fortunes have also been adversely affected by the deteriorating economic situation since 1972. Because Japan relies on overseas sources of raw materials and foreign markets, she is more severely affected by the current world economic ills—especially inflation—than any other major industrial power. Japan's rampant inflation, one of the worst among the industrialized countries, derives in part also from Prime Minister Tanaka's grandiose

program to "remodel" the Japanese archipelago. As originally conceived, Tanaka sought to provide a comprehensive solution to Japan's urban and industrial problems by dispersing industrial plants to the hinterlands, building "model cities," and constructing the social infrastructures that the Japanese had neglected in their race to increase economic productivity (or "GNP-ism"). However, Tanaka's program to "remodel" Japan set off a wave of speculation in land values. According to a Japanese source, land prices rose an average of 79.5 percent from January, 1972, to January, 1974.⁷ The spiraling land prices in turn precipitated other price increases. By the time the oil crisis of 1973 hit Japan, Japan's inflation was out of control; and living costs sharply increased (i.e., 25 percent in 1973). Japan's economic growth rate, which since 1955 had never dropped below 5 percent, dropped for the first time to near zero in 1974.⁸ Speculative price manipulation of commodities by big business firms, which created frequent shortages and price hikes, was also distasteful to Japanese consumers.

THE 1974 SANGIIN ELECTIONS

Against this background, speculation began to grow in the fall of 1973 that the LDP would lose heavily in the 1974 *Sangiin* (the House of Councillors, upper house of the Diet) elections. It was recognized that loss of the party's control over the *Sangiin* would create serious problems for the LDP government in pushing its legislative programs through the Diet, because most legislation (except treaties and budgets) requires the concurrence of the upper house. In case of disagreement between the lower and upper houses, a two-thirds majority is required for the lower house to overrule the upper house's objections. Since the LDP did not command such a majority in the lower house, a defeat in the 1974 *Sangiin* elections would spell the beginning of the end of the LDP's one-party rule.

As the scheduled elections approached, the LDP became increasingly apprehensive about the possibility of *Hokaku Gyakuden* (or a reversal of the conservative-progressive power relationship) in the upper house. Thus the Tanaka government launched a massive campaign, mobilizing both the financial and personnel resources of the LDP. The *Sangiin* elections of July 7, 1974, were important not only for the LDP but also for Prime Minister Tanaka, for the party's defeat in the election could endanger his leadership in the party.

The voters' verdict in 1974 was a severe slap in the face for the conservative party. The LDP's share of votes from the local constituencies plummeted to 39.5 percent (from 44.3 percent in 1971), a clear indication of the depth of public discontent.⁹ Although the LDP spent an incredible sum (estimated

⁴ Karl Dixon, "The 1972 General Elections in Japan: An Analysis," *Asian Forum*, April-June, 1973, p. 56.

⁵ Isamu Togawa, *Jiminto no Kiki* (Tokyo: Gakugei Shorin, 1973), p. 142. See also Ishii, *op. cit.*, pp. 10-12.

⁶ *Ibid.* With the opposition candidate's victory in the Kagawa gubernatorial election in August, 1974, the number of the progressive governors has increased from 6 to 7. See *Mainichi Shimbun*, August 6, 1974.

⁷ See the Construction Ministry's figure on land prices as reported in *Japan Times Weekly*, December 7, 1974.

⁸ Terutomo Ozawa, *Japan's Technological Challenge to the West: Motivation and Accomplishment* (Cambridge, Mass.: M.I.T. Press, 1974), p. 23.

⁹ The LDP's share of the votes from the national constituency was 44.3 percent. See *Nihon Keizai Shimbun*, July 16, 1974. As the LDP candidates running from the national constituency (which elected 54 out of 130 *Sangiin* members) included "celebrities" from show business and communications media, it is assumed that the LDP's share of votes from the local constituencies reflects more accurately the voters' attitude toward the LDP.

to be over \$200 million) raised from the business community, the Liberal Democrats suffered a net loss of eight seats in the elections, which renewed 130 out of 252 seats in the upper house of the Diet. The LDP secured only 62 seats, reducing its total in the upper house to 126.¹⁰ As a result, it was forced to depend heavily on three conservatives among the ten independents to hold a majority. Again, the JCP's electoral gains were the most conspicuous; that party nearly doubled its seats, from 11 to 20 (or a net gain of nine seats). The opposition parties together secured 62 seats (or 14 more than the 48 seats they vacated), bringing their new total to 116. With the seven anti-LDP independents, the total opposition strength stands at 123 (i.e., 62 from the Socialists, 24 from the Komeito, 20 from the JCP, ten from the Democratic Socialist party, and seven independents).

Undoubtedly, many factors contributed to the LDP's setback in the upper house elections. One was the widespread popular discontent directly related to the rising cost of living. Another was the fact that the LDP nominated too many candidates, both for national and for local constituencies, which resulted in the dispersion of votes too thinly among the LDP candidates. The most important factor, however, was the blatant way the LDP spent money in the campaign. As one astute observer pointed out: "There was either too much money that was available to its candidates and spent by them, or it was all too blatant."¹¹

To be sure, money has long been spent on a lavish scale by the conservative LDP. But the party went beyond the acceptable level of political spending in naked collusion with big business firms in the July, 1974, elections, which prompted widespread popular criticism of the Tanaka government's "money-power politics" (*Kinken Seiji*). In spite of the official spending ceiling set at 18.3 million yen (less than \$65 thousand), many conservative candidates spent as if they believed in *Go-to Yon-raku* ("500 million yen equals victory, and 400 million yen spells defeat"). Some successful LDP candidates spent considerably more than 500 million yen (\$1.7 million), and their campaign managers, together with their accomplices, were arrested for violations of the election

laws.¹² The postelection publicity about the vote-buying attempts and irregularities of some LDP candidates (e.g., Eitaro Itoyama) not only tarnished the image of the LDP but also disillusioned the Japanese electorate with the Tanaka government.

A WEAKENED GOVERNMENT

In the aftermath of the LDP's poor performance in the *Sangiin* elections, Prime Minister Tanaka was subjected to mounting criticism both within and outside the LDP. His government was seriously weakened by the departure of the two powerful factional leaders of the conservative party, Takeo Miki and Takeo Fukuda. Deputy Prime Minister Miki resigned from the Tanaka government a few days after the elections, criticizing Tanaka's "money-power politics." Miki was followed immediately by Finance Minister Fukuda, who had been Tanaka's arch rival from the time of the 1972 LDP presidential election. Both Miki and Fukuda demanded that Tanaka assume responsibility for the *Sangiin* debacle. In the Diet, the opposition parties introduced a vote of no-confidence against the Tanaka government, charging, among other things, that the Tanaka government was responsible for the deteriorating economic situation and also for its "money-power politics" in collusion with big business.¹³

The LDP was also subjected to criticism from the business community, including the powerful *Keidanren* (the Federation of Economic Organizations), which had been the principal provider of the LDP's political funds. On August 12, 1974, the *Keidanren* announced it would stop assisting in fund-raising for the LDP through the party's official money funnel, *Kokumin Kyokai* (the "National Association").¹⁴ The president of the *Keidanren* demanded, as a condition for financial support, that the LDP should "modernize" itself by getting rid of such undesirable features as intraparty factions. On the following day, the Tokyo Electric Company shocked the LDP by announcing its decision not to make political contributions to any political party, group or politician. Its example was quickly followed by other public utilities (e.g., gas companies). It is obvious that the *Keidanren's* decision stemmed from its assessment of the adverse criticism of the role of money in the 1974 *Sangiin* elections. Undoubtedly, its move was designed to protect the image of the business community (especially "big business") which was being badly tarnished by its close identification with "money-power politics." Its decision was also calculated to lessen the financial burden of the business community.

Demand for the "modernization" of the LDP was also heard within the LDP. It was articulated by the leaders of the anti-Tanaka (or anti-mainstream) factions within the LDP, like Miki and Fukuda, who bitterly criticized the plutocratic tendency of the Ta-

¹⁰ The LDP now has 128 seats in the *Sangiin* because the two independents joined the LDP after the *Sangiin* elections.

¹¹ For an excellent analysis of the 1974 *Sangiin* elections, see Hans Baerwald, "The Tanabata House of Councillors Election in Japan," *Asian Survey*, October, 1974, pp. 900-906.

¹² *Ibid.* Over 1,000 persons were arrested for violations of the election laws. See *Mainichi Shimbun*, August 6, 1974.

¹³ The vote of no-confidence resolution was rejected by the House of Representatives on July 31, 1974. See *Asahi Shimbun*, August 1, 1974.

¹⁴ *Asahi Shimbun*, August 13, 1974.

naka leadership and demanded the overhauling of the party's "organic structure" to streamline the party's operations and restore the confidence of the people in the party. Fukuda insisted further that a leadership change was of "primary importance for cleaning up the present political mess" and that "it was impossible to reconstruct the LDP under the Tanaka leadership."¹⁵

In an attempt to stave off the threats from the anti-Tanaka forces within the LDP, the "mainstream faction" headed by Tanaka established a special research council chaired by the party's vice president to study possible party reforms, including the dissolution of the intraparty factions, the overhauling of the party's presidential election system, the reorganizing of the *Kokumin Kyokai*, the party's principal agent for collecting political contributions, and the possibility of introducing the single-member district system for the parliamentary elections. Prime Minister Tanaka also tried to improve his shattered image with good-will tours of the Western Hemisphere, Australia, New Zealand and Burma in the fall of 1974.

As late as the end of September, it was generally believed that Prime Minister Tanaka would be able to "ride out" the political crisis and remain in power until the expiration of his presidential term in July, 1975. Tanaka's "mainstream faction," built around three powerful factions (i.e., Tanaka, Ohira and Nakasone), with a combined total of nearly 200 members from both houses of the Diet, was, after all, numerically superior to the "anti-mainstream faction" of Miki and Fukuda, which had a total of 129 members.¹⁶ In addition to numerical superiority, the "mainstream faction" had more financial resources and patronage.

An unexpected political "bombshell" launched by the highly respected monthly magazine, *Bungei Shunju*, in the early part of October, 1974, abruptly changed the situation.¹⁷ In an article entitled "A Study of Tanaka Kakuei: His Monetary and Human Connections," a special investigative team headed by

Takeshi Tachibana exposed the seamy side of Tanaka's financial background. The meticulously researched investigative report also revealed the essence of Tanaka's "money-power politics," which was to secure political power by the unabashed use of money. According to the report, Prime Minister Tanaka spent between 3,000 million yen and 5,000 million yen (approximately \$10 million to \$17 million) in the 1972 LDP presidential election, and the LDP under his leadership spent somewhere between 60,000 million yen and 100,000 million yen (\$200 million to \$333 million) in the July, 1974, *Sangiin* elections. More recently, Tanaka had spent between 1,000 million yen and 1,500 million yen (\$3.3 million to \$5 million) in order to strengthen his position within the party against the challenges of the anti-Tanaka factions. The report inevitably raised questions about the sources of Tanaka's political funds, as well as the propriety of the "money-power politics" he practiced. Furthermore, the report meticulously documented the questionable manner through which Tanaka had amassed his personal fortune while serving in various governmental capacities, and implied that he might have evaded taxes in connection with the acquisition of expensive land for his fabulous mansion and villas from 1965 to 1972.

In the aftermath of the exposé, the opposition parties and the anti-Tanaka factions within the ruling LDP intensified their criticism of the Prime Minister and called for his resignation. The opposition parties declared that they would investigate Tanaka's financial dealings in the coming session of the Diet, while the junior members of the LDP demanded that party executives hold an extraordinary party convention to clarify the issues raised by the *Bungei Shunju* article. For his part, Prime Minister Tanaka tried to evade the question by ignoring it completely in public. This tactic deepened popular suspicion. Eventually, growing public criticism of Tanaka's "money-power politics" and the demand for a thoroughgoing investigation of his financial background by the opposition parties and by critics within the LDP compelled Prime Minister Tanaka to resign.

On November 26, 1974, Prime Minister Tanaka announced his intention to leave office, taking responsibility for the current political crisis. His decision had apparently been made somewhat earlier, but he had delayed the announcement because of United States President Gerald Ford's visit to Japan in November, 1974. Tanaka's resignation inevitably touched off a wide-open power struggle for succession within the LDP. Of the four major contenders for the party's presidency, Finance Minister Masayoshi Ohira and his predecessor and rival, Takeo Fukuda, were regarded as the front runners. Takeo Miki and Yasuhiro Nakasone were not considered strong contenders. Because the party leaders could not agree

¹⁵ See Minoru Shimizu, "Outlook for Tanaka," *Japan Times Weekly*, September 14, 1974. See, also, his "Dissension in LDP Ranks," *ibid.*, September 21, 1974; Takeo Miki, "Hoshu Seiji no Genten," *Chuo Koron*, September, 1974, pp. 115-116; and Takeo Fukuda, "Shisei to Seisaku," *Chuo Koron*, September, 1974, pp. 122-123.

¹⁶ Takeshi Tachibana, "Tanaka Kakuei, Kenkyu—Sono Kinmyaku to Jinmyaku," *Bungei Shunju*, November, 1974, pp. 92-131.

¹⁷ In the factional lineup within the LDP, the Tanaka faction is the largest, with 92 Diet members. The other powerful factions of the party include: the Fukuda faction (84 members); the Ohira faction (65 members); the Miki faction (45 members); and the Nakasone faction (41 members). The 4 smaller factions and unaffiliated members number together about 80. See Minoru Shimizu, "Ohira-Fukuda Power Struggle," *Japan Times Weekly*, December 7, 1974.

on how to select a new president, the task of finding a consensus was entrusted to Etsusaburo Shiina, the party's vice president. Ohira wanted to hold an election at a party convention, because he had the necessary votes to win, largely from the Tanaka faction. Fukuda, on the other hand, demanded that the choice be made instead by consultation among the party elders. Miki agreed with Fukuda. In order to avoid a serious split in the party, Shiina worked assiduously with party elders to find a consensus.

After three days of intense negotiations, Shiina announced at a press conference on December 2, 1974, that Takeo Miki was his choice for the party's presidency. Although Shiina's move was a surprise to many, the reaction of LDP leaders, as a whole, was favorable. Fukuda, outmaneuvered, soon agreed to support Miki, and Nakasone did the same. Leaders of the smaller factions immediately endorsed Miki because they wanted to preserve party unity. Tanaka and Ohira were at first bitter about Shiina's recommendation, but eventually they endorsed Miki. Miki was officially confirmed as president of the LDP at a special caucus of LDP Dietmen on December 4, 1974, and was elected as the Prime Minister of Japan by the Diet five days later.

MIKI'S CLEAN IMAGE

The surprise choice of Miki as the new head of the LDP was a clear indication that LDP leaders recognized the seriousness of the crisis faced by the LDP. Miki was recommended by Shiina and accepted by factional leaders within the LDP because he "projects a clean image."¹⁸ One of Japan's most experienced party politicians, he has served 14 consecutive terms in the Diet since 1937. Because of his prewar opposition to the war with the United States, he was spared from public purge during the Allied Occupation of Japan. In the LDP, Miki has been a leader of the progressive liberal wing of the party and has held various Cabinet positions. With party renovation as the slogan, Miki campaigned unsuccessfully for the party presidency three times after 1968. Miki was also one of the few LDP leaders who advocated an early normalization of Sino-Japanese relations. He and the then Foreign Minister, Masayoshi Ohira, paved the way for Tanaka's normalization of Sino-Japanese relations in September, 1972.

With the inauguration of the Miki government, the

leadership crisis of the Liberal Democratic party has simmered down. Miki's unquestioned integrity should restore the confidence of the Japanese electorate in their government leaders. Already, Miki has made public his personal assets, a move unprecedented in Japanese political history. It seems also fair to assume that he will try to deliver a "new deal" to the Japanese, for he believes in "social fairness."¹⁹ The fact that he did not incur either heavy financial debts to big business or political indebtedness to intraparty factions in securing the party presidency certainly gives him a greater personal leeway than his predecessors. On the other hand, the relative weakness of his factional strength may create problems for him, even if he succeeds in building a new "mainstream faction" with Fukuda and Nakasone. For the time being at, least, Miki must cultivate good working relations with all the major factions in the party. This, in turn, requires a scrupulous balancing act. The Miki government in a sense reflects power realities within the party; it includes Takeo Fukuda (as Deputy Prime Minister), Masayoshi Ohira (as Finance Minister) and Yasuhiro Nakasone (as secretary-general of the LDP).

It should be pointed out, however, that the LDP's crisis is far from over. With a weaker political base than his predecessor's, Miki will be forced to deal with serious problems that threaten to shake the very foundation of conservative rule in Japan. The Miki government must find a way to control the spiraling inflation, which is about the worst among the industrialized nations (e.g., a 25-percent consumer price increase in 1974).²⁰ His government must improve the near zero economic growth rate and stem the slowly rising unemployment. Miki must also restore the voter's confidence in the conservative regime. He must dissipate the lingering belief that the LDP serves the interests of big business at the expense of the consumers. Furthermore, in order to win the support of urban voters, he must deal with traffic congestion, housing and land shortages, and pollution. Finally, Miki must also institute urgently needed party reforms, to make the LDP responsive to the Japanese voters. The LDP must reduce its heavy dependence on the political contributions of big business by diversifying its financial sources; it must over-

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¹⁸ *Japan Times Weekly*, December 7, 1974. See, also, Kenro Yashiro, "Gyakusetsu no Seiken—Hoshu Saihensei ni miru," *Sekai*, February, 1975, pp. 123-129, and Taro Akasaka, "Maboroshi ni Owatta Futatsu no Seiken," *Bungei Shunju*, February, 1975, pp. 248-252.

¹⁹ Yashiro, *op. cit.*, p. 126. See, also, his policy address delivered before the joint session of the Japanese Diet on December 14, 1974, in *Asahi Shimbun*, December 14, 1974.

²⁰ *The Washington Post*, January 1, 1975. See, also, "Bukka wa Doko e Ikuka," *Sekai*, December, 1974, p. 240.

Hong N. Kim served as managing editor of *Asian Forum* from 1972 to 1974 and is currently a consulting editor of the journal. A frequent visitor to Japan, he has contributed a number of articles to scholarly journals such as *Asian Survey*, *Asian Profile*, *World Affairs*, and *Asian Forum*. Currently, he is working on a book entitled *Japanese Party Politics in the 1970's*.

"Two and one-half years after the normalization of their relations, Peking and Tokyo appear to be steadily and successfully adjusting themselves to the new rules of the diplomatic game."

Japan's New Relationship with China

BY HARUHIRO FUKUI

Associate Professor of Political Science, University of California at Santa Barbara

UNTIL THE NIXON "SHOCKS" of mid-1971 and the normalization of Japanese-Chinese relations in the fall of 1972, successive Japanese governments, with remarkable consistency, followed one variation or another of a "two Chinas" policy, based on the separation of politics and economics. However, the relative emphasis placed on Japan's relationship with each "China" varied from Cabinet to Cabinet, each succeeding Cabinet reversing, with regularity, the priority of its immediate predecessor. Under this policy, to her obvious and great advantage, Japan maintained formal diplomatic relations with the Nationalist government in Taipei and, at the same time, developed informal economic and cultural ties with the Communist government in Peking, the People's Republic of China (PRC).

No sooner had Prime Minister Shigeru Yoshida's government signed the peace treaty in San Francisco in 1951 than it quietly adopted a *de facto* two-Chinas policy by signing a bilateral peace treaty with Chiang's government on the one hand and, on the other, indirectly denying that government status as the sole representative government of China. At the same time, Japanese firms began to trade, on a modest scale, with mainland public corporations with the tacit approval of the government. In retrospect, the two-Chinas policy was obviously unstable and unsatisfactory. It was repeatedly and mercilessly denounced by both Chinese governments. It was also vehemently criticized and attacked by domestic opposition groups, especially by the Socialist and Communist parties but also by a minority in the ruling Liberal Democratic party (LDP) itself. Furthermore, as opponents and critics pointed out, the policy was self-contradictory and smacked of expediency and opportunism. Even the conservative governments and Prime Ministers were no doubt aware of the political and moral vulnerabilities of the policy; that is why they preferred to keep it implicit.

On the other hand, there were very good reasons why the two-Chinas policy was adopted and sustained so consistently for so long. In the context of Japan's foreign relations, the most obvious and important was the impact of the American alliance and the pressure for compliance with Washington's cold war policy posture; in the context of Japanese domestic politics an equally important factor was the perpetual division of opinion on the China issue both between the ruling LDP and the opposition parties and within the ruling party itself.

Until the outbreak of the Korean War in mid-1950, the United States officially maintained a posture of neutrality and non-involvement in the Chinese civil war. However, the Korean War changed the official view and the attitude of Washington almost overnight. To quote President Harry Truman, his government's new line was that: "the occupation of Formosa by Communist forces would be a direct threat to the security of the Pacific area and to United States forces performing their lawful and necessary functions in that area."¹ In February of the following year the United States government persuaded the United Nations General Assembly to adopt an extraordinary resolution condemning the People's Republic of China for engaging in "aggression" in Korea. Thereafter, for a decade and a half, United States policy toward China was frozen in a rigidly hostile posture.

By a historical irony, the postwar peace settlement with Japan coincided almost to the day with this critical turn in United States policy for China. In fact, the fighting in Korea broke out when John Foster Dulles, Special Adviser to the Secretary of State in charge of the Japanese peace treaty, was visiting Tokyo on his first peace-making mission. Under the circumstances, pressure built quickly and powerfully in the United States Senate to align Japan against the PRC (and the Soviet Union) by compelling Yoshida's government to accept Taipei, rather than Peking, as the Chinese signatory to the multilateral peace treaty. Failing in his effort to have

¹ U.S. Congress, Senate, *United States Relations with the People's Republic of China* (Hearings Before the Committee on Foreign Relations), 92nd Congress, 1st Session, p. 395.

Chiang's government invited to San Francisco when the Japanese-American peace treaty was signed, because of objections raised by the British as well as the Soviet governments, Dulles nevertheless managed to achieve his objective by pressuring the Yoshida government to conclude a bilateral peace treaty with the Nationalist Chinese. If left alone, Yoshida most certainly would not have chosen to sign such a treaty, certainly not so early as April, 1952. He believed neither in the imminent threat of Chinese communism to Japan's security nor in the monolithic and permanent solidarity between the Chinese and Soviet Communists.

On the other hand, a majority of United States Senators were determined to make their approval of the San Francisco peace treaty (and therefore the recovery of Japanese sovereignty) conditional upon Yoshida's good behavior on the China issue. In the event, in order to save the peace treaty, Yoshida yielded to the pressure that was personally conveyed to him by Dulles and two United States Senators in December, 1951. According to eyewitness testimonies, Dulles "requested" Yoshida to give him a "letter" containing his government's explicit promise to conclude a peace treaty with the government in Taipei, a letter which Dulles would use in Washington to dissuade the Senators from holding up the

² See Ikuzo Kikuchi, "Futatsu no Gaikō Gokuhō Bunsho" (Two ultra-secret diplomatic documents), *Asahi Asia Review*, autumn, 1971, pp. 72-75, and the testimony of William J. Sebald, as quoted in Mainichi Shimbunsha, ed., *Nihon to Chūgoku: Seijō-ka e no Michi* (Japan and China: road to normalization) (Tokyo: Mainichi Shimbunsha, 1971), pp. 306-307. See also *ibid.*, pp. 24-35.

³ About ten days later Yoshida apparently wrote an authentic "Yoshida letter" also addressed to Dulles in which he reiterated his personal belief that maximum contacts at all levels, rather than isolation and containment, would help defeat communism in China and thus benefit democracy in the long run. See Kumao Nishimura, *San Francisco Heiwa Jōyaku* (San Francisco peace treaty) (Tokyo: Kajima Kenkyūjo Shuppankai, 1971), pp. 316fn., 371-372; Kikuchi, *op. cit.*, pp. 74-75.

⁴ For the text of the treaty and accompanying documents both in the Japanese and English languages, see Nitchū Bōeki Sokushin Giin Renmei, ed., *Nittai Jōyaku ni kansuru Kokkai Shingi* (Diet Members League for the Promotion of Japan-China Trade, ed., *Diet debates on the Japan-Taiwan treaty*) (Tokyo: Nitchū Bōeki Sokushin Giin Renmei, August, 1969), pp. 303-322.

⁵ On the significance of this provision, see Shigeru Yoshida, *Kaisō Jūnen* (Ten years remembered), vol. 3 (Tokyo: Shunjūsha, 1956, pp. 75-76, and Yoshida as quoted in Nitchū Bōeki Sokushin Giin Renmei, *op. cit.*, pp. 1-2, 246.

⁶ *United States Relations with the People's Republic of China*, *op. cit.*, pp. 402-403. Note also that shortly afterward Assistant Secretary of State Roger Hilsman made the oft-quoted speech in San Francisco in which he acknowledged the permanence of the PRC government and referred to the prospect of eventual reconciliation between the US and the PRC. See comments in James C. Thomson, Jr., "On the Making of U.S. China Policy, 1961-9: A Study in Bureaucratic Politics," *The China Quarterly*, April-June, 1972, p. 232.

⁷ *United States Relations with the People's Republic of China*, *op. cit.*, p. 406.

ratification of the San Francisco peace treaty.² Yoshida agreed, but asked Dulles to prepare a draft of such a letter. Dulles promptly obliged. Subsequently, Yoshida suggested a few changes and additions to the text thus drafted by Dulles and, when these were duly incorporated, put his signature to the letter, dated it properly and, finally and after Dulles's departure from Tokyo, dispatched it to Washington via the United States ambassador in Tokyo. As is well known, the "Yoshida letter" was made public in Washington on January 6, 1952, five days before the Senate Foreign Relations Committee began its hearings on the Japanese peace treaty.³

The peace treaty between Japan and the Republic of China signed in April, 1952, declared in Article 1 the termination of the war between the two countries.⁴ In an exchange of notes accompanying the treaty, however, the two governments agreed to the view that "the terms of the present Treaty shall, in respect of the Republic of China, be applicable to all the territories which are now, or which may hereafter be, under the control of its Government."⁵ Thus the territories under Communist control were deliberately excluded from the application of the treaty, obviously at the insistence of Yoshida's government. In any event, Japan's policy toward and relationship with the People's Republic of China in the next 20 years was defined and constrained by the terms of this treaty.

The cold war policy posture of the United States, especially toward the People's Republic of China, changed little until the middle of the 1960's. In the last days of the Kennedy administration before President John Kennedy's untimely death, Washington's official posture toward the PRC began to show signs of cautious and gradual reorientation.⁶ And after Lyndon Johnson took over as President, occasional United States pronouncements on the subject became distinctly "bifocal" in the sense that, on the one hand, they continued to contain harsh warnings to Peking and, on the other, began to include (just as regularly) calls for mutual moderation and eventual reconciliation. The basic thrust of the new orientation was condensed in Vice President Hubert Humphrey's "containment without necessarily isolation."⁷ In 1967 and 1968, the time and energies of President Johnson and his administration were consumed largely by efforts to cope with the rising domestic and international crisis triggered by the war in Indochina. Johnson's Republican successor, President Richard Nixon, however, pushed the basic reorientation of the United States policy toward China cautiously and hesitantly initiated by the two Democratic Presidents to its logical conclusion. Prime Minister Eisaku Sato's government in Tokyo failed to keep up with this important change in Washington, partly because it was not fully appraised of the significance,

direction and scope of Nixon's initiatives on the China front. More important, when Washington was embarking on its new policy line, the Japanese government was immobilized by the People's Republic of China's continuing hostility and the equally intractable division of opinion in Japan, especially in Sato's own conservative party.

During the 1960's, the People's Republic generally maintained a highly militant posture toward both the Japanese and the United States governments. Chinese hostility substantially increased, at least at the official level, in the second half of the decade. A United States involvement in the Vietnam war escalated, Sato's implication in that war and, more generally, in United States Asia policy, became more visible and, not the least important, the People's Republic itself plunged into the cataclysmic Cultural Revolution. A statement of the PRC's Foreign Ministry declared in February, 1966:

So long as United States imperialism exists we of this generation must be prepared, and so should be our second and third generations. The sharp antagonism and fierce struggle between revolutionary China on the one hand and United States imperialism, which is continuously expanding its aggression and war, on the other hand, is the inevitable result of the historical development. This struggle will go on throughout this historical era.⁸

Subsequently, the *People's Daily* repeatedly asserted that the Sato government not only supported the "US imperialists' policy of aggression against Asia" but also intended to fulfill "Japan's own criminal ambitions" in the area and was following "in the footsteps of the Tojo government."⁹ The difference was that Peking stopped its open verbal campaign against "United States imperialism" by early 1971 but kept up an unmitigated anti-Japanese war of words for another 12 months until early 1972. From Peking's point of view, Sato was apparently beyond redemption. In particular, he was personally responsible for the provocative reference in the November, 1969, Nixon-Sato Joint Communiqué to "the peace and security in the Taiwan area" as "a most important factor for the security of Japan."

The situation was enormously complicated for Sato's government by the continuing division of opinion not only between his party and the opposition but among leaders of his own party. The China issue had divided the LDP so deeply since early 1960's that the party's decision-making machinery had often been completely paralyzed.¹⁰ The issue had become

another pawn in an intra-party factional power struggle of which any party leader would have been wary. Especially since the formation of the pro-Taiwan Asia Group and the pro-PRC Afro-Asian Group in the party in early 1965, the division had intensified along ideological and factional lines. A leader of the minority pro-PRC group was threatened with possible expulsion from the party when he suggested the normalization of relations between Tokyo and Peking.¹¹ As a senior LDP leader observed, even as late as the fall of 1971 there were at least five groupings of opinion on the China issue among members of the LDP, from out-and-out pro-Taipei elements through non-aligned floaters to out-and-out pro-Peking militants.¹²

Successive Japanese governments had thus been unable to depart significantly from the base line of the two-Chinas policy established at the time of the postwar peace settlement. During the first decade, American pressure for compliance with the United States policy of isolation and containment against the PRC was a dominant factor; subsequently, when that pressure diminished and Washington's own policy became more flexible, Peking's stern posture and sharpening divisions of opinion in Sato's party led him and his government to retain the archaic policy. What finally jolted his successor, Kakuei Tanaka, out of the grip of the two-Chinas policy was the Nixon "shock" of July, 1971, and its immediate aftermath. The new Prime Minister and his government were led to renounce that policy officially and to commit themselves to a one-China policy by an abrupt change in Peking's attitude toward Tokyo in early 1972.

NIXON SHOCK AND PEKING-TOKYO RAPPROCHEMENT

While complying pliantly, if not enthusiastically, with the United States policy of non-recognition and containment against the PRC, some Japanese leaders secretly feared that, under some special circumstances, Washington might make a sudden about face without forewarning Tokyo. This nightmare became a half-reality in the spring of 1968, when President Johnson called for the convening of preliminary Vietnam cease-fire talks without notifying the Japanese government in advance. The unexpected announcement caused a powerful Johnson "shock" in Tokyo. In the government and the ruling LDP, some observers began to articulate the latent fear that, to quote an anonymous observer: "the next surprise may well be the US and the PRC shaking hands in Japan's back."¹³ Following the change of administrations in Washington in January, 1969, the possibility quickly developed into a certainty. Until it became a reality, however, the Japanese government was hardly aware of the exact nature and

⁸ *Ibid.*

⁹ *People's Daily*, February 27, 1966; October 23, 1968.

¹⁰ See Haruhiro Fukui, *Party in Power: The Japanese Liberal-Democrats and Policy Making* (Berkeley and Los Angeles: University of California Press, 1970), chapter 9.

¹¹ *Nihon Keizai Shimbun*, June 8, 1966.

¹² See Yoshimi Furui's remark as quoted in *Mainichi Shimbunsha*, *op. cit.*, pp. 258-259.

¹³ See *Nihon Keizai Shimbun*, May 7, 1968.

magnitude of the approaching diplomatic shock. Only with the benefit of hindsight can we trace, at least in broad outline, the path of the bombshell as it hit Sato's government.

The new Republican President was responsive from the beginning to the growing demand in Congress, mass media and academic circles for the prompt initiation of a dialogue with Peking as a first step toward an ultimate reconciliation. Among the various recommendations that were brought to his attention at the time of his election a particularly important and interesting one was the "Memorandum for President-Elect on U.S. Relations with China," drafted by a group of academic China specialists at Harvard, Columbia and MIT and "personally delivered" in the fall of 1968 to Nixon by his Special Adviser-to-be, Henry A. Kissinger.¹⁴ This little-publicized document contained the basic scenario for every major strategic move that followed, with one important exception. After reviewing briefly the history of postwar United States-Chinese relations, the authors proposed a series of carefully calculated steps for the President. These included: 1) exploring "the possibility of arranging confidential—perhaps even deniable—conversations between Chinese Communist leaders and someone in whom you have confidence" who would "convey the new Administration's interest in hearing Chinese views on a wide spectrum of subjects including Viet Nam and disarmament and in probing, unofficially and in a more informal setting than at Warsaw, the prospects for a normal relationship"; 2) finding an occasion "to take note of the fact—without fanfare—that we have in effect accorded Peking *de facto* recognition for a decade and a half, but that *de jure* recognition is obviously a far more complicated matter that remains to be discussed"; 3) placing trade with China "on the same basis (non-strategic goods) as our trade with the USSR and Eastern Europe"; 4) removing "the last vestiges of control on the travel of Americans to China" and, at the same time, making known "our willingness to admit as visitors to the U.S. any Chinese the Peking government is willing to send to our shores."

On the question of Chinese representation in the United Nations, the memorandum said: "U.S. policy-makers should therefore accept Peking's membership in the General Assembly and the Security Council

while seeking simultaneously to preserve a General Assembly seat for Taiwan, whether as the Republic of China, an independent nation, or an autonomous region of China." Finally, on the implication for Japan of the various steps proposed above, the authors warned:

It is especially important that we take Japan into our confidence in every step of our strategy. Although Japan will favor the substance of our strategy, if we shift gears without prior notice, we will create acute embarrassment for the Japanese Government.

Of all the major recommendations contained in this document President Nixon and his Special Adviser Kissinger apparently took exception only to the suggestion about Japan.

President Nixon's announcement in July, 1971, to the effect that Kissinger was currently visiting Peking to meet with Premier Chou En-lai on his behalf and that Nixon himself would shortly go to Peking caused consternation and anger in Tokyo. Although the "hand-shaking" between Washington and Peking was not entirely unexpected, no one in the Japanese government anticipated that it would materialize so soon and so dramatically. What particularly irked Japanese leaders was the fact Washington had failed to give them "prior notice." They had been led to believe that there was a tacit but firm understanding between the two governments that they would consult one another before unilaterally taking an important action with regard to the China issue. Prime Minister Nobusuke Kishi himself insisted that every time he had met President Nixon in recent years the latter had reiterated his promise to keep Tokyo fully posted on any significant developments on the issue on the part of the United States government.¹⁵ Nixon had given a similar assurance to Sato during the summit meeting of October, 1970.¹⁶

The impact of the Nixon "shock" on the political future of Sato and his government was devastating. Its immediate effects on the basic alignment in the LDP and the bureaucracy were far more complex, if equally destabilizing. In the ruling party, the delicate balance that had so far been maintained between the majority pro-Taipei (and pro-Washington) groups and the minority pro-Peking (not necessarily anti-Washington) groups began only slowly and gradually to change. The perennial conflicts between them were, however, far from over; in fact, they intensified as the two sides became more equal in the number of supporters. But the pro-Taipei groups were now on the defensive in what appeared increasingly like a losing battle. A parallel change occurred in the upper echelon of the Foreign Ministry bureaucracy where China Division officials and their allies gained influence at the expense of American Bureau colleagues. These changes immensely complicated the Sato government's reaction to the subsequent United

¹⁴ The signatories were: Jerome A. Cohen (Chairman), John K. Fairbank, Roy Hofheinz, Dwight Perkins, Edwin O. Reischauer, Benjamin I. Schwartz, James Thomson, Ezra Fogel, A. Doak Barnett, and Lucian Pye. For the list of the signatories and text of the memorandum, see *Congressional Record*, No. 127, Part III, 92d Congress, 1st Session, August 6, 1971, pp. E9177-9179.

¹⁵ Interview, March 6, 1973.

¹⁶ Interviews with Foreign Ministry officials in October, 1972.

States request for Japanese cooperation in its renewed efforts to preserve the Nationalist Chinese seat in the United Nations General Assembly.

The idea that the Nationalists could and should keep their seat in the General Assembly even after the Communists were given a seat both in the General Assembly and the Security Council was not new to Japanese officials. In fact, that same idea had been a principal topic of Foreign Ministry-State Department working-level discussions earlier in the year, until a few months before President Nixon's July announcement.¹⁷ After that announcement, however, both LDP leaders and Foreign Ministry officials were wary. When Washington revived the scheme in the wake of the shock and asked Tokyo to co-sponsor a pair of draft resolutions in the United Nations to accomplish that objective, they were thrown into a quandary and spent several weeks debating among themselves without ever reaching agreement with regard to the United States request. In the end, Sato decided on his own authority and responsibility to cooperate once more with Washington and to co-sponsor the "reversed important question" resolution (which would name the expulsion of the Nationalist government an "important question" requiring a two-thirds majority for approval). The resolution was, however, roundly defeated, and the whole exercise contributed to further erosion of Sato's credibility and influence in the conservative party and in the nation at large. Shortly afterward, his government fell with an air of inevitability, and his preferred heir-apparent was beaten by his long-standing rival, International Trade and Industry Minister Kakuei Tanaka, in the succession race that followed.

On the other hand, the Nixon "shock" helped to dispel once and for all the lingering impression in Tokyo that friendship with Peking could be gained only at the expense of partnership with Washington. There still remained some uncertainty as to how far and how fast the Nixon administration itself was prepared to move, and expected Japan to move, toward the formal recognition of the PRC and the liquidation of diplomatic relations with Taipei. But Washington's unilateral action clearly relieved Japan of

her moral obligation to coordinate her own steps to improve relations with the PRC in every detail. The event also generated such powerful public pressure in Japan for an immediate normalization of Tokyo-Peking relations that Sato's successor had to follow and even outdistance the United States President's dramatic actions. Under the circumstances, Tanaka, who succeeded Sato in July, 1972, had to go to Peking promptly to sign a normalization agreement.

In the Joint Statement of September, 1972, the Tanaka government accepted the three basic conditions that the PRC had required for normalizing Japan-PRC relations: namely, that China was one and the government of the PRC was its sole legitimate government; that Taiwan was an integral part of China; and that the "Japan-Taiwan treaty" of 1952 would have to be renounced.¹⁸ Specifically, Paragraph 1 of the statement put an end to the "abnormal" state (meaning the technical state of war) between Japan and the PRC, while Paragraphs 2 and 3 referred to Japanese acceptance of the first two of the three conditions mentioned above. The "Japan-Taiwan treaty" was not renounced in the joint statement itself but was renounced through a statement of the Japanese Foreign Minister immediately after its signing. The formal diplomatic ties between Japan and the "Republic of China" were thus officially severed. It should be noted, however, that (no doubt with Peking's acquiescence) unofficial economic ties were ignored, at least for the time being. The liquidation of the two-Chinas policy was then begun, but it was not to be accomplished overnight. The old policy was first turned around, so to speak, and has since been gradually whittled away. By the terms of Paragraph 4, Peking and Tokyo immediately entered into normal diplomatic relations, but the conclusion of a formal "Treaty of Peace and Friendship" as well as a series of administrative and technical agreements was left to further negotiations.

DEVELOPMENTS SINCE NORMALIZATION

Tanaka's trip to Peking and the Joint Statement resulted from important changes in the two major external factors that had governed the attitudes and actions of the Japanese governments toward the PRC since 1951, namely, the policy postures of the United States and the PRC toward each other and toward Japan. The pace, scope and style of implementation of the policy change in Washington were startling, but so were Peking's. At the time, Peking tacitly approved of the continuation of trade and other forms of unofficial relations between Japan and Taiwan. Even more significant, earlier in the year Peking had abruptly ceased to attack Japanese resurgent militarism and imperialism. In fact, Peking has since even come to defend Japan's own self-defense forces and the United States-Japan Mutual

¹⁷ The U.S. request was for Japan's co-sponsorship of twin resolutions, one designating the expulsion of Taiwan as an "important question," as the words are used in Article 18 of the United Nations Charter, and the other validating the dual representation of China in the event Taiwan's General Assembly seat was retained after the PRC gained admission. My discussion here is based largely on interviews with several Foreign Ministry officials. See also Shunichi Matsumoto's comments in "Mizou no Kokunan ni saishite Tanaka Ohira Gaikō wo shikaritsukeru" (We condemn the Tanaka-Ohira diplomacy in this unprecedented crisis of the nation), *Shūkan Gendai*, March 22, 1973, p. 171.

¹⁸ Text of the Joint Statement in *Keizai to Gaikō*, November, 1972, pp. 25-26.

Security Treaty as legitimate safeguards against a "Soviet threat."¹⁹ Beyond doubt, the change in Peking's line on the subject of Japanese militarism has been related primarily to its security concern vis-à-vis the Soviet Union, a concern heightened by the on-again off-again talks between Tokyo and Moscow on the possible joint development of oil, natural gas and timber resources in Siberia.²⁰

Peking's new line has been reflected also in its positive attitude toward Japan-PRC trade. Within one year of the normalization of relations, the volume of trade between the two countries grew by 80 percent, while the PRC sent Japan 18 economic and trade missions.²¹ The visit in the spring of 1973 of a 55-member friendship delegation led by Liao Cheng-chih, who spent a whole month in Japan traveling from one end of the country to the other, was symbolic of the new spirit that apparently guides Peking's new policy toward its island neighbor.²²

On the other hand, these remarkable developments have not put an end to the quarter-century-old domestic controversy in Japan. The "China issue" has ceased to be one of central concern in the verbal warfare between the LDP and the opposition parties. It has continued, however, to be an active issue within the ruling party itself. For reasons of ideology or material interests, the pro-Taiwan groups in the LDP were too deeply committed to their old loyalties to change sides in the controversy overnight. In the fall of 1972, long after the about-face of Washington and Peking, they persisted in their loyalty to their old and loyal friends in Taiwan. They did not prevent Tanaka from going to Peking or from signing the joint statement, but their persistent opposition did complicate Tanaka's plans and preparations for the trip. One and one-half years later, in the spring of 1974, they again proved their sustained influence as an intraparty pressure group by openly challenging and embarrassing the party's leadership, particularly Foreign Minister Ohira, in connection with the conclusion of a civil aviation agreement between Japan and the PRC.

¹⁹ See Sheldon W. Simon, "The Japan-China-USSR Triangle," *Pacific Affairs*, summer, 1974, pp. 134-135.

²⁰ See *ibid.*, pp. 127-128, 130, 137; "Shiberia Kaihatsu to Nihon no Shutaisei" (The development of Siberia and Japan's own interest), *Sekai*, June, 1974, p. 191.

²¹ "Nitchū Keizai Kōryū to Zaikai no Ugoki" (Japan-China economic exchange and the moves of the financial groups), *Sekai*, November, 1973, pp. 220-224.

²² "Ryō-Shōshi Hōnichidan no Sokuseki" (The footsteps of the Liao Cheng-chih delegation), *Sekai*, July, 1973, pp. 186-187; Fusao Takada, "Ryō Daihyōdan kara Ki-Hōhi Hōnichi e" (From the Liao delegation to Chi Peng-fei's visit to Japan), *Ajiya*, August, 1973, pp. 50-59.

²³ See *Mainichi Shimbun*, January 17, 1974; *Asahi Shimbun*, January 30, 1974; "Rankiryū no naka no Jiminto" (The LDP in turbulence), *Sekai*, April, 1974, pp. 186-187.

²⁴ *Asahi Shimbun*, April 21, 1974; "Hōkōkaji ushinatta Kōkū Gaikō" (Aviation diplomacy without a rudder), *Asahi Jōnaru*, March 22, 1974, pp. 98-99.

The joint statement of September, 1972, left the conclusion of a "Treaty of Peace and Friendship" and several administrative and technical agreements to subsequent negotiations. For more than a year, however, little progress was made either on the peace treaty or on any other agreement. Growing dissatisfaction with the Tanaka government's performance concerning foreign policy questions led Foreign Minister Ohira to visit Peking in January, 1974, and, while there, to sign agreements on trade and on the exchange of correspondents. At the same time, Ohira promised Peking's leaders to press for the conclusion of the aviation agreement. When he began vigorously to push the plan in Tokyo, however, he met the fierce resistance of pro-Taiwan groups in the LDP, especially the young radical right called *Seiran-kai*.²³ Considering the fact that 37 Japan Air Lines flights were then serving the Tokyo-Osaka-Taipei route each week and carrying more than 250,000 passengers (worth nearly \$45 million) a year,²⁴ opposition to Ohira's scheme was doubtless economic as well as ideological. The controversy rocked the Tanaka Cabinet and the LDP for five months until the agreement was finally approved by the Diet in May, 1974, with the LDP dissidents abstaining from the vote.

The final liquidation of the two-Chinas policy thus remains a sensitive and divisive issue that will continue to rock the party and the conservative government as negotiations progress on the Japan-PRC peace treaty and the remaining technical agreements. The ultimate outcome of the controversies in the fall of 1972 and the spring of 1974 suggest, however, that the major battles on the central issues of policy have been already settled, as much by decisions made in Washington and Peking as by the will of Japanese leaders. Intraparty revolts in the LDP may slow down the process of further reconciliation between the governments and peoples of Japan and the PRC, but they are not likely to reverse its course.

Nonetheless the withering away of the Taiwan connection and the wider acceptance of the one-China policy do not necessarily insure lasting friendship between the erstwhile adversaries. In some ways, the one-China policy may actually contribute to the sharpening of latent conflicts between the two governments. Such conflicts were blurred as long as they

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Haruhiro Fukui is the author of *Party in Power: The Japanese Liberal-Democrats and Policy-Making* (Berkeley and Los Angeles: University of California Press, 1970). He has been engaged in a Brookings Institution research project on United States-Japanese relations, including case studies of the Okinawa reversion and textiles negotiations, and is currently working on a study of foreign policy decision making in postwar Japan.

"It is doubtful that public pressure will prevent the expansion of nuclear activities in Japan. Given modern government's ability to deceive (which seems far greater than the willingness of the public to unveil and oppose such deception with consistency), it is likely that over the long run there will be further erosion of the Japanese public's resistance to nuclear weapons."

Japan's Nuclear Allergy

BY T. J. PEMPEL

Assistant Professor of Government, Cornell University

EVER SINCE World War II left 63 of her 66 largest cities in ashes, there has been a strong current of pacifism in Japan, and since the destruction of Hiroshima and Nagasaki the Japanese people have been particularly sensitive to the might and danger of nuclear power. The Japanese and United States governments, meanwhile, have disparagingly dismissed Japanese fears as a manifestation of "nuclear allergy," a term implying a pathology and abnormality. Officials of both countries seem determined to treat the perceived disease as a true allergy and to desensitize the patient by the continued injection of ever larger doses of the afflicting substance. Thus, the official "cure" has been to take advantage of every opportunity to make nuclear items increasingly commonplace in Japan.

The height of public opposition to nuclear weapons in Japan was reached in 1954, when several Japanese fishermen were injured and one died as a result of nuclear burns and fallout suffered on a normal fishing mission in the vicinity of United States nuclear tests. The Japanese Diet, in a rare burst of harmony, passed a unanimous resolution opposing all nuclear weapons. In 1956, another unanimous resolution called for the

international control of all nuclear power and a ban on all testing.¹ Then, in 1957, a shift occurred when Prime Minister Nobusuke Kishi declared that he believed Japan could constitutionally maintain nuclear arms as long as they were "defensive" in nature. Since then, Japanese government officials have consistently reiterated this position, most notably in recent Defense Agency White Papers.²

One of the prime United States contributions to the cure of the Japanese "allergy" has been the persistent public introduction into Japan of nuclear-powered vessels since 1963. The earliest visits were greeted by storms of public protest; however, more than 100 United States nuclear-powered vessels have since docked in Japan and are almost constantly stationed there. The most recent visits have been conspicuous only by the total lack of public attention paid to them.

Many United States and Japanese officials meanwhile have suggested either the desirability or the inevitability of Japan's becoming a nuclear-armed power.³ Their urgings have been bolstered even more by the less official but equally well-publicized voices of Japanese business leaders, individual politicians, and pundits of both countries.⁴

At the same time there has been a concerted campaign in Japan to downplay the radioactive hazards of nuclear power, partly to attract support for the development of nuclear energy, in view of the fact that Japan is now dependent on imports for approximately 90 percent of her oil. At a more subtle level, however, in April, 1959, the government succeeded in stopping the Hiroshima Atomic Disease Hospital from publishing the statistics of deaths caused by atomic radiation.⁵ There has also been support for articles in popular journals to demonstrate the alleged safety of nuclear power, and support for ventures of high public relations potential. At a different level still, there have been inaccurate samples of water and soil, and the overt falsification of testing reports to show

¹ John K. Emmerson and Leonard A. Humphreys, *Will Japan Re-arm?* (Washington, D.C.: American Enterprise Institute for Public Policy Research, 1973), p. 16.

² John K. Emmerson, *Arms, Yen and Power: The Japanese Dilemma* (New York: Dunnellen, 1971), p. 129.

³ See, for example, the suggestions by Secretary of Defense Melvin Laird in July, 1971, and those of Director General of the Defense Agency Nakasone Yasuhiro in late 1970.

⁴ On the American side, Herman Kahn has been perhaps the most famous articulator of this position, most notably in his book, *The Emerging Japanese Superstate* (Englewood Cliffs, N.J.: Prentice Hall, 1970). Zbigniew Brzezinski, *The Fragile Blossom* (New York: Harper and Row, 1972), declares that by 1975 Japan will at least be in a protonuclear position. See pp. 108-110.

⁵ Hugh H. Smythe, "Japanese American Relations," *Eastern World* (June, 1969), pp. 17-18.

that nuclear-powered United States vessels in Japan's harbors are operating at higher safety levels than is in fact the case.⁶

Recently, a series of important disputes has again touched on this "nuclear allergy." The combined outcome of these controversies will unquestionably influence Japan's future nuclear role. If present trends continue, this role will increase significantly.

During the early months of 1974, the Japan-United States Atomic Power Treaty was revised to provide for 33 more atomic furnaces for Japan by 1978. Construction was begun on two major nuclear power reactors, in line with the government's announced intention of relying more heavily than in the past on nuclear power. The overall government aim was to move from the approximately 1.8 million kilowatts of power generated by nuclear power in 1973 to 60 million kilowatts by 1985.⁷

Far more explosive was the controversy surrounding the maiden voyage of the government's first nuclear-powered vessel, the 8,124-ton *Mutsu*, designed by Mitsubishi to demonstrate the peaceful uses of nuclear power. The vessel first set sail during a midnight storm to avoid protesting fishermen who, fearful of possible damage to valuable scallop beds, had delayed the ship's voyage for about two years. Almost as soon as the ship was in open waters, it began to leak radioactive materials. For more than a month, it drifted hopelessly in the face of citizen protest and the refusal of local officials to grant it docking privileges for repairs. The leak was finally patched with rice gruel, and the government made a \$4.9 million "contribution" to counter any possible damages the leaking ship might have caused. Only then was it allowed to return to its home port.

Then, in the first week of October, 1974, came the publication of testimony before a joint committee of the United States Congress that staggered most Japanese. Gene LaRocque, retired rear admiral and former commander of the nuclear-armed U.S.S. *Providence*, had testified that United States ships capable of carrying nuclear weapons "do not offload them when they go into foreign ports such as Japan." Sailors from the aircraft carrier U.S.S. *Midway*, berthed in Yokosuka, readily supported LaRocque's testimony, with explicit descriptions to an enthralled Japanese press of the weapons and their shipboard location.⁸

⁶ This was the case, for example, in the report for the Science and Technology Agency on United States ships in Yokosuka in 1972-1973. The reports were fabricated on the basis of silt samples taken after United States atomic-powered ships had actually left port, and samples taken several hundred yards from the docks involved, in clear violation of regulations on the subject. *Yomiuri Shimbun*, February 1, 1974. *Japan Times*, February 9, 1974.

⁷ Economic Planning Agency, Government of Japan, *Basic Economic and Social Plan, 1973-1977* (Tokyo: Economic Planning Agency, 1973), p. 94.

⁸ *The New York Times*, October 15, 1974.

To counter the LaRocque testimony, the Japanese government quickly reiterated its longstanding "three non-nuclear principles": Japan will neither *manufacture*, nor *possess* nuclear weapons, nor *permit their introduction* into the country. The United States government, citing a general policy of never discussing the detailed locations of such weapons, initially refused to confirm or deny the charge that nuclear weapons were in fact left on United States ships entering Japan.

On October 8; however, *The New York Times* quoted a Pentagon official as saying that it was no secret that nuclear-armed warships had been visiting Japanese ports and that this fact was well known to the Japanese government. Almost simultaneously, an anonymous Japanese Foreign Ministry spokesman issued a carefully couched denial; but American sources finally revealed that a secret agreement, made in 1960 and reconfirmed in 1972 during talks between United States President Richard Nixon and Prime Minister Eisaku Sato, permitted the unquestioned transit of United States nuclear weapons through Japan, not only by ship, but by plane as well. Because no Japanese text of the agreement had even been prepared, however, the Japanese government could deny its existence without fear of exposure.

Parliamentarians from Japan's opposition parties castigated the government in the Diet, and demonstrations filled the streets of most of Japan's major cities. On a single day, demonstrations occurred in more than 450 places, with demonstrators claiming between two and three million participants.

In the midst of all this, many Japanese were stunned to hear that, after an intensive lobbying effort, former Prime Minister Sato had been granted the Nobel Peace Prize for, among other things, signing the Nuclear Non-Proliferation Treaty and setting Japan—apparently—on a peaceful, non-nuclear path to international influence. To many, the juxtaposition of the prize and his role in reconfirming the nuclear transit agreement revealed only a successful international flimflam.

Gerald Ford stepped into this maelstrom on November 18, when he became the first incumbent United States President to visit Japan. The Ford visit was opposed by a wide variety of Japanese political groups, and the American President was the target of even greater hostility when he actually entered the country. President Ford added to the tension when he refused to discuss the transit agreement with Tokyo's mayor, Minobe Ryokichi. The problem may be further exacerbated by the nuclear-related statements in the Tanaka-Ford communiqué issued at the end of the visit.

All this may be difficult for Americans to understand. Why the hubbub over nuclear weapons and nuclear-powered vessels? Why the official attempts

to conceal something as seemingly innocuous as the nuclear transit agreement? What meaning, if any, lies behind the launching of the *Mutsu* and the La-Rocque disclosures? What significance should be attached to the communiqué? More broadly, what, if anything, do all these portend for the present and future course of United States-Japan relations, and particularly the role of nuclear weapons in that relationship?

THE UNITED STATES-JAPANESE SECURITY TREATY

At the end of World War II, the United States expected to base its future Pacific policy of an alliance with a pro-Western China under Chiang Kai-shek. Japan's wartime leaders were to be purged; the military potential was eliminated; and the country was to become the Switzerland of the Far East. However, with the onset of the cold war, the consolidation of Communist control in China, and the outbreak of war in Korea, the United States shifted gears. Its political wrath was directed against Japan's burgeoning left; the conservatives came back into favor; and a rebuilding of Japan's military establishment was undertaken. When the occupation ended in 1952, a treaty between the two countries went into effect and Japan became the major ally of the United States in the Far East.

The treaty, always opposed by Japan's Socialist and Communist parties, was renegotiated in the late 1950's by Prime Minister Nobusuke Kishi to eliminate certain provisions regarded as vestiges of Japan's limited bargaining position as an occupied state in 1952. The original treaty had no provision for prior consultation between the two governments over the nature and usage of United States forces in Japan. Through an official exchange of notes between United States Secretary of State Christian Herter and Prime Minister Kishi an agreement was reached guaranteeing "prior consultations" by the Americans with the Japanese government over "major changes in the deployment into Japan of United States armed forces [and] major changes in their equipment. . . ." A "verbal understanding" between the two noted that a change involving the "introduction" of nuclear weapons into Japan would specifically be subject to prior consultation.

It is this that has formed the background of all denials that nuclear weapons were entering Japan. The standard position has been that the introduction of nuclear weapons would require prior consultation between the two countries, that no proposal for such consultations has ever been made, that if it had been made, Japan would have been opposed. Hence, the

argument ran, it was reasonable to assume that there were no nuclear weapons in Japan. But of course the two governments had struck a secret bargain.

Clearly, the key word in the prior consultations clause is "deployment." Planes and ships in "transit" were not defined as "deployed"; consequently, no prior consultations were necessary with regard to the physical presence or absence of the weapons they actually carried. These would count only if "deployed," even if Japan were the home base of the nuclear-armed vessel, as was often the case. In short, a combination of agreements laid the groundwork for subtle deceit by both governments, based on a superficial distinction between the permanent stationing of nuclear arms and their temporary passage through Japanese territory. Neither Washington nor Tokyo talked about nuclear realities; instead, they relied on carefully hedged phrases to give a completely false impression among the Japanese people that United States nuclear weapons were not being sent into Japan.

Of course, none of this was clear at the time, and the conservatives presented the revised treaty of 1960 as a diplomatic victory for Japan. From the standpoint of the opposition, such a "victory" in negotiation was far less significant than the treaty's overall reconfirmation of Japan's role as an integral link in the United States alliance system, and its guarantee that United States troops would continue to occupy military installations within the country and would be free to use Japanese bases for "the maintenance of international peace and security in the Far East."⁹ The opposition call for a policy of "unarmed neutrality" struck a resonant chord in many Japanese, and the revised treaty was unpopular.

Despite official evasion, it had been clear for some time that the United States was taking nuclear weapons into Japan. Honest John missiles, capable of carrying nuclear arms, could be found in Japan as early as 1955, and in March, 1958, the A-4D *Skyhawk*, also capable of carrying nuclear weapons, was introduced into the United States Marine base at Iwakuni (ironically about 30 miles south of Hiroshima). At about the same time, Japanese-American air command representatives made it clear that the 21st United States air wing at Misawa had been assigned the task of attacking the Soviet Union with tactical atomic weapons in the event of war.¹⁰ To this, the Japanese Foreign Minister responded simply: ". . . at present Japan could not protest even if nuclear weapons were brought into the country, nor could she stop these shipments."¹¹

The 1960 revisions in the Security Treaty were to change this situation; however, during debate on the treaty, charges were constantly made (and never denied) that the United States Fifth Air Force and the Seventh Fleet were carrying nuclear arms and that they would not be prevented from doing so by the

⁹ Treaty of Mutual Cooperation and Security Between the United States and Japan (1960), preface.

¹⁰ *Tokyo Shimbun*, October 18, 1958.

¹¹ *Mainichi Shimbun*, December 22, 1958.

new "prior consultations" clause. The United States ambassador in Seoul at the time stated explicitly that "preliminary consultations do not mean that Japan has any right to interfere with the military operations of United States forces," and declared that the arrangement on consultations had been aimed at achieving a "political effect," insuring the appearance of equal rights to the two countries.¹²

Since the two governments have been in fundamental agreement over most such questions, standard inquiries about nuclear weapons in Japan could legitimately be handled by statements indicating that: "the United States government has no intention of acting in a manner contrary to the wishes of the Japanese government," without either government having to clarify these wishes. Even today, the question of whether nuclear weapons remain on Okinawa is still unanswered because of similar attempts at calculated obfuscation.¹³ Former United States Ambassador U. Alexis Johnson testified before Congress, for example, that "... Japan has never raised any question concerning American aircraft stationed in or passing through Japan being transferred or moved to bases outside Japan from which to engage in combat. Japan has also never raised any question concerning naval vessels on route to or from combat operations calling at our naval bases in Japan."¹⁴

Numerous vessels widely known to carry nuclear arms have passed through Japan, or have remained there, although both governments have created the impression that such vessels did not carry nuclear weapons. This has been true despite the fact that on a number of occasions United States servicemen have declared that their planes or ships were in fact carrying such arms; indeed, some have claimed that nuclear weapons were actually stored on United States bases within Japan. In 1971, for example, the charge was widely circulated that the United States Marine base at Iwakuni had warehouses equipped to store both nuclear and biological and chemical weapons, and that at least four instances of the movement of such weapons were known.¹⁵ Of course, such charges lacked the ring of official confirmation, but as early as April, 1971, *The New York Times* revealed official

references to the transit agreement. Thus many signs pointed to the realities. But all that was really needed was common sense. Just where would a nuclear-armed B-52 or P-3 leave its weapons while passing through Japan? Can anyone seriously imagine a carrier or submarine leaving its nuclear hardware floating conveniently on a buoy just outside the 12-mile limit to be picked up after a three- or four-day port visit? Clearly, the recent surprise reflects the inability of the Japanese political opposition and the reluctance of the Japanese press to put the question effectively, as much as it indicates the conscious deception of the two governments.

Is the publicity for the transit agreement the latest "dose" in the battle against "nuclear allergy?" Have the two governments decided that the recent quietude surrounding the entry of nuclear-powered vessels has made it possible to move to a new step—namely making the presence of nuclear-armed vessels public? LaRocque stated that his testimony represented a slip of the tongue and there was minimal advance preparation for the storm it created. With President Ford scheduled to visit Japan the following month, neither government was likely to tempt a repetition of the 1960 fiasco that forced the cancellation of United States President Dwight D. Eisenhower's visit. Yet slips of the tongue and overt references to the transit agreement have previously been concealed, and there was plenty of time to conceal this "slip" between the LaRocque testimony and its publication. During the 1970 Symington hearings on U.S. commitments abroad, for example, when U. Alexis Johnson testified extensively on relations between Japan and the United States, anytime he might logically have been expected to touch on the transit agreement, his remarks simply were labeled "(deleted)."¹⁶ Moreover, when former Prime Minister Eisaku Sato was asked about LaRocque's testimony, he declared that the nation's abhorrence of nuclear weapons should be reconsidered since such weapons have become commonplace.¹⁷ Hence, the LaRocque testimony may represent one more step in the desensitization process fostered by both governments. Even if the step were not conscious, its impact was surely consistent with the broader military and defense directions of both governments.

Japan's ruling conservatives have remained closely allied with the United States, relying on America for nuclear deterrence, while simultaneously building up Japan's conventional forces. Despite the much-cited statistic that Japan spends less than one percent of her GNP on defense, she has one of the most self-sufficient and technologically advanced military forces in the world; with its high ratio of officers to enlisted men, Japan's forces have the possibility of rapid expansion.

Recently, nationalist and economic pressures within Japan, combined with uncertainty about whether the

¹² Cited in "Japan's Treaty Trouble," *Eastern World* (June, 1960), p. 18.

¹³ See, for example, Section VIII of the Joint Communiqué Between President Nixon and Prime Minister Sato, November 21, 1969, and Section IV of the Joint Statement by the two on January 7, 1972.

¹⁴ U.S. Senate, *Hearings Before the Subcommittee on U.S. Security Agreements and Commitments Abroad*, (Washington, D.C.: U.S. Government Printing Office, 1970), p. 1155.

¹⁵ Narasaki Yanosuke, "Presence of Nuclear Weapons in Mainland Japan Exposed," *Japan Socialist Review*, November 15, 1971.

¹⁶ *Hearings*, passim.

¹⁷ *The Japan Times Weekly*, October 19, 1974.

United States would be willing to risk the destruction of Los Angeles, Dallas and Chicago to save Tokyo, Kyoto and Osaka, have led key conservatives to advocate an independent nuclear force for Japan. The nuclear allergic Japanese public remains convulsed by the prospect, and four years ago Japan signed the Nuclear Non-Proliferation Treaty, pledging not to acquire such weapons. But Japan has yet to ratify the treaty, effectively keeping her nuclear option open. Nonetheless, before such a force could be created, the "allergy" has to be cured, and the government has been working in that direction.

The United States, meanwhile, has long argued that reliance on the American nuclear force gives Japan a "free ride." Ever since the Korean War, the United States has been pushing Japan to expand her military forces and expenditures and to adopt a more "positive" role in world affairs, in particular to share the costs of United States strategic objectives in Asia. United States policy presumes a Japan which, while theoretically more positive and independent, will in fact have "no place else to go" and will follow the United States lead on most key international issues. Moreover, the United States foresees a non-nuclear Japan that relies on the United States for her "nuclear shield." In the short run, however, United States policy requires that its military take advantage of any rights it has to utilize Japanese soil for the movement and possible storage of nuclear weapons. This, too, requires desensitization of public opposition.

To date, the efforts to desensitize have been successful. During the late 1950's and early 1960's, the Japanese public consistently registered opposition to nuclear weapons and nuclear testing. Opposition to United States nuclear arms was always extremely strong, and the question of Japanese development of nuclear weapons was considered so bizarre that no polls even dealt with it.¹⁸ As late as 1966, an opinion poll showed that over 50 percent of the public favored reliance on the United Nations or on unarmed neutrality as the best means for Japan to preserve peace.¹⁹ In 1969, several polls finally asked whether Japan should acquire nuclear arms. One found that 72 percent would be displeased and only 16 percent would be pleased if Japan did so.²⁰ Another found that 62 percent believed it would be good if Japan did not acquire nuclear arms, and only 14 percent believed the opposite.²¹ These polls indicated that clear major-

ities were opposed or "allergic"; however, the introduction and serious debate on the question in itself marked a major decline in the "nuclear allergy." More significant, while opposition to the acquiring of nuclear weapons remains strong and may even have grown, there is a tolerance and a sense that such weapons will inevitably be acquired in the future. Thus, in April, 1969, 46 percent surveyed in a national poll believed that it would never be necessary for Japan to acquire nuclear weapons;²² but a 1970 poll of university professors, business managers and scientists revealed a 45 percent-45 percent split on the question of whether Japan would have nuclear weapons within 25 years.²³ A poll the following year showed that 44 percent of those surveyed thought that Japan would have such weapons within ten years, while a 1972 poll showed 51.7 percent of the public believing that Japan would eventually acquire nuclear weapons.²⁴ In short, a sense of the "inevitable" seems to be growing.

The Tanaka-Ford communiqué represents a very logical step for both countries. Most early assessments have stressed the communiqué's emphasis on cooperation in the areas of trade, energy, food and cultural exchange. Far less attention has been given to the document's reemphasis on military cooperation between the two countries and particularly on the nuclear role in that cooperation. While both countries agree to pursue arms limitations, particularly in the area of nuclear weapons, they also agree to facilitate "the expanded use of nuclear energy for peaceful purposes." Furthermore, "both countries underline the high responsibility of all nuclear-weapon states in such efforts, and not the importance of protecting non-nuclear-weapons states against nuclear threats."

CONCLUSIONS

This last statement does at least two important things: first, in conjunction with earlier statements about support for the present security treaty it implies at the very least a continuance, if not a potential expansion, of United States "rights" in Japan with regard to nuclear weapons; second, it marks the mutual recognition of the fact that Japan's "nuclear option" remains open. The clear implication is that Japan should continue to depend on the United States for nuclear deterrence, but neither country is identified by name as a nuclear or a non-nuclear power, and pre-

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¹⁸ Douglas H. Mendel, *The Japanese People and Foreign Policy* (Berkeley: University of California Press, 1961), *passim*, but especially pp. 152ff.

¹⁹ *Yōron Chōsa Nenkan, 1966* (Public Opinion Poll Yearbook) (Tokyo: Naikaku Sōridaijin Kanbō Kōhō Shitsu, 1967), p. 312.

²⁰ *Ibid.*, 1970, p. 492.

²¹ *Ibid.*, p. 487.

²² *Ibid.*, pp. 475-76.

²³ *Ibid.*, 1971, p. 572.

²⁴ Emmerson and Humphreys, *op. cit.*, p. 103.

T. J. Pempel has contributed articles on postwar Japanese politics to various scholarly journals. He has recently completed a manuscript on higher educational policy making in Japan and is editing a volume of papers on postwar policy making. In 1975-1976, he will be in Japan on a Fulbright research grant for a study of the Japanese bureaucracy.

In Japan today, "Many young women, backed by the legal guarantees introduced in the early postwar period, press to take advantage of the new opportunities that have opened to them in the last 30 years. But they sometimes come up short against traditional ways of thinking."

Women in Japan Today

BY SUSAN J. PHARR

Staff Associate, Social Science Research Council

OLDER PEOPLE in Japan are fond of saying, with a shake of their heads, that women have "grown stronger" since the end of World War II. The comment is indicative of very real changes that have taken place over the last 30 years. But to evaluate the status of women in post-war Japan, one must go back to early history.

For more than six centuries before 1868, Japan was a feudal society isolated (for much of that period) from contact with foreign countries. Feudal customs, as well as the influence of Buddhism and Confucianism imported from China, accorded women low status in the family and gave them almost no role in running society. Leadership was in the hands of a warrior class, the *samurai*. If women of all classes in feudal society had a low position in the family and society, wives of *samurai* perhaps led the most restricted lives of all.

The year 1868 marked the end of the feudal era. Thereafter Japan entered a period of rapid modernization. But despite fundamental changes in many areas of Japanese life, until the end of World War II, modernization did not dramatically improve women's status. The reason is best traced to the values and attitudes of Japan's modernizing elite. Former *samurai* themselves, the leadership was not concerned with reforming the social order. Equality of social participation for women was a goal wholly alien to the *samurai* experience.

In the typical family in the modern period to 1945, a bride, especially when she married an eldest son who would become the family heir, went to live with her husband's family and was expected to adapt

to the "ways of the family." In the three-generation household, the new bride occupied the lowest status of all family members and was expected to be obedient to the authority of her mother-in-law. The moral code of the prewar period enjoined the wife to be first up in the morning, the last to go to bed, to take her bath only after her husband and all his family members had bathed, and, in most matters, to sacrifice her own "selfish" interests for those of her husband and his family. Adultery was widely tolerated for the male but strictly forbidden for the wife. Marriages were generally arranged by the families concerned or by go-betweens acting in their behalf.

Outside the family, women's participation in the affairs of society was extremely limited. Women could not vote, and for a long part of the period from 1868 to 1945, they were even barred by law from attending gatherings where politics was discussed.¹

The positive impact of modernization on women's status should not be ignored, of course. Job opportunities appeared, and education was certainly more available. Modernization improved the quality of life for all Japanese, male or female. And although the traditional family pattern severely restricted women's freedom, there were variations in the pattern according to class. As in the feudal period, women of the upper classes led the most restricted lives. Nevertheless, it is fair to say that the changes that came with Japan's modernization after 1868 did not profoundly alter and improve a woman's status vis-à-vis men, whatever her class. Her position in the family was much what it had been in the feudal era, and roles for women in politics and wider society outside the home were largely denied.

In 1945, following Japan's defeat in World War II, Occupation forces under American leadership set out to democratize Japanese society. One specific goal of the reforms was to improve the status of women. Under the constitution of 1947, Japanese women gained full political rights and a guarantee of their

¹ Beginning with the Law on Assembly and Political Association of 1899, several laws placed severe restrictions on women's political activity. It was not until 1922 that the ban on women attending political meetings was lifted. See George Totten, *The Social Democratic Movement in Pre-war Japan* (New Haven: Yale University Press, 1966), pp. 359-360.

equality in all spheres of life. A revised civil code gave a woman the right to own property in her own name and to divorce on the same grounds as men. Since democracy as practiced in the United States was the model for an American occupying force, the legal basis for Japanese women's participation in family and social life today is similar to that of the United States. In fact, in some respects, particularly in the explicit written guarantee of their equality, Japanese women are ahead of women in many countries, including the United States. But legal guarantees aside, the nature of family life and attitudes and practices affecting work, education and most spheres of activity outside the home make it remarkably difficult for Japanese women to mesh legal norms with social reality. The main barriers are not legal but customs with roots that extend far back into Japan's past.

EDUCATION

Before the war, the goal of public education for women was to produce "good wives and wise mothers." After the third-grade level, girls and boys were educated separately. In the prewar girls' schools, young women were prepared for a domestic role. National universities, the pride of the prewar educational system, were closed to women.

The reforms following Japan's defeat instituted a public coeducational system with equal access for all. Women today, at least in theory, can pursue an education as far as their ability and desires—and family financial resources—will allow them. To evaluate women's status today in education, however, two questions must be raised. First, to what extent do women take advantage of their equal access to education; that is, how far do they go in the schools in comparison with male students? Second, in a system where women may now study the same subjects as men, to what extent do they avail themselves of the opportunity?

There is no question that women's enrollment in education at all levels has been increasing at a remarkable rate over the postwar period. In 1955, only 47.4 percent of the female students went beyond compulsory education to enter upper secondary

schools, whereas by 1970, the figure stood at 82.7 percent.² Changes at the college level are equally dramatic. In 1955, only 14.9 percent of the women students went on to higher education, but by 1970 the figure had increased to 23.5 percent.³

These figures indicate that Japanese women today are climbing the educational ladder. However, educational patterns for males and females are not now congruent. Women now go on to higher education. But a great many often opt for junior colleges instead of four-year institutions. In 1970, women made up 82.7 percent of the enrollment in junior colleges, but only 18 percent of the enrollment in four-year institutions.⁴ Even these figures do not tell the whole story, for the percentage of women in the prestigious national universities is still lower. And many women in four-year schools are enrolled in private women's colleges rather than in coed institutions.

What do these trends indicate? In Japan, parents apparently educate sons before daughters, but will educate daughters as well where financial resources permit.⁵ Prosperity in the postwar period has thus meant that families increasingly are able to send daughters up the educational ladder—but generally to a rung or so behind the one to which they send sons. Thus the high enrollment rate of women in junior colleges over four-year institutions. But a financial explanation is limited, particularly in explaining why so few women are enrolled in the prestigious national universities. Ironically, in Japan, the best education available is practically free; parents spend far more sending daughters to private institutions than to the top universities in Japan. Admission to the best universities is by competitive examination, and competition is fierce. But why relatively few women try for admission to these schools goes to the heart of the status of women in education.

Many parents (and daughters as well) continue to feel that girls and boys have totally different goals, and that girls' goals are compromised if a young woman goes to school in a tough, competitive coeducational environment. In 1971–1972, I interviewed a number of women students at Tokyo University, Japan's top-ranking institution; most of them reported that they had encountered serious opposition at home when they had announced their intention to try for admission to the best university in Japan. Parents had expressed fears, not that their daughters would fail to gain admission, but that they would succeed—and thereby hurt their marriage chances. The parents of many of these able students would have preferred to send them to expensive four-year women's colleges rather than handicap them (as they saw it) when it came to marriage.⁶

Similar factors are weighed when girls choose their fields of study. In high school, fewer girls (relative

² Japan, Ministry of Labor, Women and Minors' Bureau, *Fujin no genjō* (The Condition of Women), 1971, p. 6. Comparable figures for boys were 55.5 percent (1955) and 81.6 percent (1970). As may be noted, the rate for girls in 1970 was slightly higher than that for boys.

³ *Ibid.* Comparable figures for males are 20.9 percent (1955) and 25 percent (1970).

⁴ *Ibid.*

⁵ Yasumasu Tomoda, "Educational and Occupational Aspirations of Female Senior High School Students," *Bulletin of the Hiroshima Agricultural College*, vol. 4, no. 3, Dec., 1972, p. 262.

⁶ The interviews referred to in this article were conducted in Japan in 1971–72.

to boys) take vocational courses that will leave them with a skill. Significantly more girls than boys take a general academic course even when they do not plan to go to college.⁷ At the college level, differences between men and women's study patterns are even more pronounced. Most Japanese women gravitate to "women's" subjects instead of those that lead more directly to careers. Two-thirds of all women students study either literature, nursing or home economics.⁸

Parents in today's Japan are staggered by the range of educational opportunities open to their daughters. Many, educated before the war, try to steer their daughters toward familiar paths. Others, more sympathetic to recent changes affecting women's status, want their children to take advantage of new opportunities, and push them in new directions. But even liberal parents encourage their daughters only within certain limits. Most parents still believe that a woman's main life purpose is to marry and become a full-time housewife. Although a liberal parent is willing to send his daughter to a coeducational university, he would probably balk if she chose law, medicine, or some other course he would see as interfering with this ultimate objective.

WORK

If issues relating to education for women are debated in Japan today, so are questions regarding work. In 1971, almost 39 percent of Japan's total work force was made up of women.⁹ Of the working women, some 43 percent were married.¹⁰ Clearly many women, married and unmarried, work. But a great many questions relating to women and work are highly controversial in Japan.

Almost all Japanese agree that it is suitable, under certain conditions, for women to find employment. For example, it is thought natural for a daughter to find work if her family needs her labor to survive. Similarly, it is legitimate for a married woman to work if her help is needed by her husband (on the farm or in the shop, for example); if he is disabled or otherwise unable to provide an adequate income; or if it is clear that a second income is needed to keep the family financially afloat. Certainly divorcees, widows, and single women making their way alone in the world are expected to work unless parents

or other relatives are able to step in and provide for them with ease.

A great many women in Japan's labor force are working for one of the "acceptable" reasons just given. The question of whether a woman should work when her economic situation does not compel her to do so is more controversial. It is largely middle class and upper middle class women who are concerned with this issue.

For a woman to work before marriage is much less controversial than for her to work after marriage. Before the war, young women from families of adequate means prepared for marriage by staying at home and studying flower arranging, cooking and other womanly arts. But today, a young woman, even if she is from a wealthy family, may work several years between the time she finishes her schooling and the time she marries. Seventy-one percent of women between the ages of 20 and 24 are in the work force.¹¹

As marriageable age approaches, however, most young women feel strong social pressure to quit their jobs, wed, and give themselves over full time to the care of their husbands and children. Many years later, when her children are almost grown, a middle class or upper middle class wife may consider working. But in general, she is likely to face strong opposition from her husband and probably from her parents if she thinks of working before that time.

OLDER WOMEN

Thus few women—especially married women—pursue "careers" in Japan today. Most working women work in the service, sales or clerical categories. In 1970, women made up only 3.8 percent of workers in the category of managers and officials.¹² Within all job categories, women tend to hold the jobs with the least prestige and the lowest pay. In 1971, the

(Continued on page 183)

Susan J. Pharr served as an academic consultant for the Ford Foundation Task Force on Women, 1972–1974, and as a junior research fellow at the East Asian Institute, Columbia University, from July through October, 1974. In 1971–1972, she was a visiting foreign research scholar at Sophia University, at the Institute for Peace and Development in Asia, in Tokyo; in the spring of 1972, she was a guest lecturer at Waseda University in Tokyo. She is the author of "The Japanese Woman: Evolving Views of Life and Role," in Lewis Austin and Hugh Patrick (eds.), *Japan in the 1980's* (New Haven: Yale University Press, 1975), and "The Status of Women in Japan: Historical and Contemporary Perspectives," in Janet Giele and Audrey Smock (eds.), *Women Around the World*, to be published in 1975 under the auspices of the Ford Foundation.

⁷ *Ibid.*, p. 248.

⁸ Japan, Ministry of Labor, Women and Minors' Bureau, *The Status of Women in Japan*, 1968, Table 6, p. 7.

⁹ Japan, Ministry of Labor, Women and Minors' Bureau, *Fujin rōdō no jitsujō* (The Status Quo of Women Workers), 1972, p. 3.

¹⁰ *Ibid.*, p. 13. The figure is for 1971.

¹¹ Japan, Ministry of Labor, Women and Minors' Bureau, *Fujin no genjō* (The Condition of Women), 1971, p. 47. Figure is for 1970.

¹² *Ibid.*, p. 52.

BOOK REVIEWS

ON JAPAN

THE MODERN HISTORY OF JAPAN. By W. G. BEASLEY. 2d Edition. (New York: Praeger Publishers, 1974. 358 pages, bibliography, notes, illustrations, maps and index, \$10.00, cloth; \$4.95, paper.)

This second edition of a 1963 classic introduction to modern Japanese history incorporates a great deal of recently published work on Japanese history; the result is a complete revamping of the original work.

According to Beasley, Japanese civilization is based on the civilization of China, although Japan turned away from the Chinese form of imperial bureaucracy in the twelfth century and established something akin to European feudalism, which persisted until the nineteenth century. From the twelfth to the nineteenth centuries, Japan's rulers isolated her from the rest of the world. At the end of this era, contact with Western civilization resumed and Europe "replaced China as the country's source of models and ideas."

Beasley shows how Japan's history prepared her for her entrance into the industrial world that culminated in the "economic miracle" of recent years, as Japan became one of the world's industrial giants. It is unfortunate that the author finished his revision just too soon to be able to evaluate the effects of the energy crisis, which has distinctly unpleasant consequences for Japan.

JAPAN'S PARLIAMENT: AN INTRODUCTION.

By HANS H. BAERWOLD. (New York: Cambridge University Press, 1974. 155 pages, bibliography and index \$7.95.)

Hans Baerwold has written an authoritative account of the origins and organization of the Diet, the Japanese Parliament. Fortunately for the average reader, Baerwold writes a succinct account rather than a lengthy tome; this makes it easier to understand the subject.

The author writes of the pressures that mold the thinking and the voting of Diet members; he believes that the Diet "ratifies or approves decisions the substance of which have been made elsewhere"; it has nonetheless become "the training ground, or finishing school, for Japan's supreme political leaders."

JAPAN'S FOREIGN POLICY. 1868-1941. EDITED BY JAMES WILLIAM MORLEY. (New York: Col-

umbia University Press, 1974. 618 pages, bibliography, glossary and index, \$25.00.)

This research guide from Columbia's East Asian Institute takes advantage of the information that has become available for study in recent years. The material has been placed in a format consisting of a critical essay section (which also helps to explore the need for new approaches) and a biographical section of both standard and more recent works.

The essays explore general military, economic and cultural foreign policies as well as policies toward the United States, Russia, Germany, Great Britain and China. Only "authoritative" material is included: "that is, subject matter and materials would be adjudged relevant to the study of modern Japanese foreign relations to the extent that they had a discernible bearing on the foreign policy authoritatively formulated and executed by the government." The essays are interesting and explore much available new material; the glossary and bibliography and an excellent index help make the book of value to the student and scholar.

A HISTORY OF JAPAN. By H. P. MASON AND J. G. CAIGER. (New York: The Free Press, 1974. 334 pages, bibliography and index, \$8.95.)

The authors have written a detailed history of the evolution of Japan. The period of Japanese history after 1950 is dealt with summarily in two short chapters; the earlier history is an in-depth study that covers religion, cultural evolution and the arts of the various epochs. Illustrations add to an appreciation of the text.

AN INTRODUCTION TO JAPANESE CIVILIZATION. EDITED BY ARTHUR E. TIEDEMANN. (New York: Columbia University Press, 1974. 622 pages, illustrations, maps and index, \$17.50.)

Arthur Tiedemann has edited a comprehensive survey of Japanese history. He has divided the book into two sections; the first is a series of nine essays on the history of Japan to the present day; the second section comprises nine essays on various aspects of Japanese civilization, law, religion, politics, economy, literature, art and society. The authors of the essays are specialists, and much of the material is written for an undergraduate course of study.

The chapter on Japanese law is particularly interesting; it traces the origins of Japan's "living

law." Japanese written law has been drawn from European codes, English and American case law as well as from Japanese sources.

ANCESTOR WORSHIP IN CONTEMPORARY JAPAN. By ROBERT J. SMITH. (Stanford: Stanford University Press, 1974. 266 pages, appendices, glossary and index, \$12.50.)

The result of 15 years of study and field research, this work by Robert Smith traces the evolution of ancestor worship in Japan to the modern period. The author argues that "for three hundred years . . . ancestor worship was tied in a variety of ways to the policies and objectives of the state. That this has not been true for the past thirty years marks a fundamental change." During this latter period, the "household, focus of the ancestral rites for centuries, is itself vanishing."

Smith writes in great detail of the nature of the deities, the various kinds of spirits, and the character of memorialism and veneration. He believes that, in the future, worship or veneration of one's ancestors will be transformed to respect and veneration of the head of the household.

I WAS A KAMIKAZE. By RYUJI NAGATSUKA. (New York: Macmillan Publishing Co., 1974. 212 pages, \$6.95.)

To any student of World War II, this story of a Japanese Kamikaze (suicide) pilot will be of great interest. Nagatsuka tells of his training as a regular fighter pilot and his combat experiences against the United States Air Force. With the war finally going badly for Japan, the Japanese command decided to use Kamikaze pilots, trained to act as human aerial torpedos to crash on selected targets: one plane and one suicide pilot for one enemy ship. Nagatsuka lived to write of his experiences.

JAPANESE RADICALS REVISITED: STUDENT PROTEST IN POSTWAR JAPAN. By ELLIS S. KRAUSS. (Berkeley: University of California Press, 1974. 192 pages, bibliography and index, \$11.00.)

Ellis Krauss has reconstructed the process that led Japanese youths to student activism and to their present political identities. He presents a follow-up study of a sample of students involved in the 1960 riots and strikes that protested the United States-Japanese security treaty and prevented United States President Dwight Eisenhower from visiting Japan.

MODERN JAPAN. By IRWIN SCHEINER. (New York: Macmillan Publishing Co., 1974. 270 pages, \$4.25, paper.)

This is an interesting anthology by Japanese commentators and others in which Irwin Scheiner attempts to lead the reader to a sense of the characteristics of the Japanese mind.

EAST ASIA AND U.S. SECURITY. By RALPH N. CLOUGH. (Washington, D.C.: The Brookings Institution, 1975. 248 pages and index, \$8.95.)

The author focuses on United States relations with Japan, China and the U.S.S.R. and proposes a new United States policy towards East Asia "rooted in the vital U.S. relationship with Japan and the need for strengthening Japan's determination to remain a friendly, lightly armed, non-nuclear power." Clough describes our containment policy dating from the 1950's, which has now been drastically modified. He does not believe that American interests justify future armed intervention in Southeast Asia. He declares that "how the United States and Japan manage their relationship (in the future) will determine whether in the nuclear age a great power can abjure great military strength and still satisfy the aspirations of its people. It will also test whether two peoples of different races and dissimilar culture, and not long ago enemies in battle, can cooperate effectively for peace and stability." O.E.S.

JAPAN. By *The New York Times* AND EDWIN O. REISCHAUER, Advisory Editor. (New York: Arno Press Inc., 1974. 530 pages, chronology, suggested bibliography, maps and index, \$30.00.)

This volume is compiled from the files of *The New York Times*. It reproduces *New York Times* articles dating back to the 1850's, arranged in chronological order under various titles. This fascinating book suffers from the poor quality of its reproductions.

MISCELLANY

MULTINATIONAL CORPORATIONS AND NATIONAL GOVERNMENT. By MICHAEL HODGES. (Lexington, Mass.: Lexington Books and Saxon House, 1974. 307 pages) appendix and index, \$15.00.)

Many specialists believe that the multinational corporation, with its centralized management and enormous readily mobilized resources, is going to have a profound effect upon international politics. The great value of this study is that it provides a solid, thoroughly documented and admirably analyzed case study of Britain's experience during the 1964-1970 period.

Professor Hodges work brings together an impressive amount of empirical data. The book will be particularly useful for specialists on business and international economics. A.Z.R. ■

JAPAN AFTER THE OIL SHOCK

(Continued from page 148)

Asia at a rate exceeding that area's economic growth and overall trade. An acceptable alternative, which also applies to United States-Japanese relations, would be to substitute direct investment in local production in place of exports from Japan. Fortunately, the world offers more areas and countries with which Japan may cultivate and strengthen economic linkages—for example, West Europe, the Middle East, Latin America, Africa, the Communist areas, and many others, all of which took nearly one-half of Japan's exports to the world in 1973.

JAPAN AND WEST EUROPE

West Europe has been unusually inflexible and closed-minded in relation to Japan during the entire postwar period. Ever since the turn of the century, the Europeans have been the victims of a peculiar psychiatric difficulty, the fear of a "Yellow Peril," in relation to Japan.⁹ It is, therefore, no surprise that European-Japanese relations got off to a very bad start when Japan "acceded" to the General Agreement on Tariffs and Trade (GATT) in 1955. Under Article 35 of GATT, each existing contracting party could refuse to apply the rules of GATT (among them, the most-favored-nation status, non-discrimination, and reciprocity) to a newly joining country. At the time of Japan's accession, 14 countries (out of 33), representing about 40 percent of the foreign trade of the GATT countries, invoked this GATT article against Japan and refused to honor Japan's rights under GATT. According to Kenneth W. Dam:

this massive decision to discriminate was motivated by a

⁹ An unusual turn in the history of the "Yellow Peril" occurred recently in equally "yellow" Thailand, of all places. In April, 1972, a Thai social science journal featured a special edition on the threat of Japan's "Yellow Peril" to Thailand. The edition was translated in full into Japanese and published in the *Chuō kōron* (February, 1973) with a sensational impact on Japanese intellectuals.

¹⁰ Kenneth W. Dam, *The GATT: Law and International Economic Organization* (Chicago and London: University of Chicago Press, 1970), p. 348.

¹¹ United States International Trade Commission (formerly, United States Tariff Commission), *Operation of the Trade Agreements Program 25th Report 1973* (Washington, D.C.: 1974), p. 99.

¹² *Ibid.*, p. 100.

¹³ Yoichi Shinkai, "The Basic Doctrine of Japanese Commercial Policy," *Japanese Economic Studies*, vol. 1, no. 3 (spring, 1973), p. 23. For a review of trends in non-tariff barriers during the 1960's, see, also, Koji Taira, "Reflections on U.S.-Japanese Economic Conflict," *Management Japan*, vol. 6, no. 3 (winter, 1973), pp. 26-34.

¹⁴ Ministry of International Trade and Industry (MITI), *Tsūshō hakusho*, (White Paper on International Commerce), vol. 2 (Tokyo, 1974), pp. 451-55.

fear of low-wage competition in manufactured goods, although fears of "unfair competition" and political factors no doubt also played a part.¹⁰

In 1960, a working party, appointed to review the Japanese case, observed that the need for Article 35 would disappear if satisfactory multilateral solutions could be found to the problem of "market disruption" (the alleged difficulties of local producers under the impact of sharply rising imports with reference to specific products or commodities). The blanket discrimination against Japan under Article 35 of GATT decreased over time, although, at the end of 1973, it was reported that Austria, Haiti, Ireland, and South Africa were still discriminating in this way against Japan, as were a number of former colonies that had inherited their mother country's invocation of the article against Japan.¹¹ Nevertheless, Japan has fully participated in the GATT "rounds" of multilateral tariff negotiations ever since her accession. In the sixth (Kennedy) round, Japan played an important role as one of the 15 countries that negotiated on the basis of full 50 percent across-the-board reductions in tariffs (advocated and pushed through by the United States). Moreover, Japan implemented the results of these negotiations some nine months ahead of schedule.¹²

However, in European countries, non-tariff barriers erected against imports from Japan remain massive. Data are available on some of these barriers as of October, 1971, showing the number of commodity categories regarding which European countries "quantitatively restricted" (QR) imports from Japan, "discriminated against" (DA) Japan, or induced Japan to "voluntarily restrict" (VR) exports. France was the worst offender with 70 QR's, 44 DA's, and 45 VR's. West Germany appeared much fairer than France with 38 QR's, 21 DA's, and 25 VR's. Italy and the Benelux countries fell between France and Germany: Italy, 17 QR's, 46 DA's, and 47 VR's, and Benelux, 9 QR's, 27 DA's, and 40 VR's. The United Kingdom had no DA's, but still had 25 QR's and 44 VR's.¹³

Negotiations between Europe and Japan with regard to the elimination of these non-tariff barriers have so far proved unsuccessful, mainly because of European insistence on rigid "safeguards" against unforeseen, but possible, increases in imports from Japan.¹⁴ In the meantime, new problems have added new barriers to the European-Japanese trade. The highly politicized and compact nation-states of Europe are quick and effective in taking political action designed to protect their domestic industries. The most recent cases in point involve the protection of electronic appliances (television and radio sets and tape recorders) and passenger cars. In these cases, the argument for protection is often based on the erroneous idea of an item-by-item balance of trade;

for example, the Japanese cars imported should be balanced by European cars exported to Japan.

Despite frictions and misgivings between Japan and Europe, however, trade between them has grown much faster recently than trade between Japan and the United States. This is mainly because European-Japanese trade started from a very low base and still has a long way to go before reaching the limits of "tolerance." In 1973, "West Europe" (which in Japanese statistics includes all non-Communist European countries both in and outside the European Economic Community) took 16.6 percent of Japan's exports to the world. Recently, the trade balances have been in Japan's favor. In 1973, for example, Japan's surplus from trade with "West Europe" amounted to \$2.5 billion, of which one-half was accounted for by the EEC. But one should note that these "trade" surpluses were wiped out completely by Japan's deficits in the "invisibles" and by Japan's net long-term capital exports to Europe. Thus, the "basic balance" of payments between EEC nations and Japan in 1973 was more than one billion dollars *against* Japan. The EEC of nine nations has a combined GNP that is about two-thirds of the United States GNP or about one-fifth of the world GNP. But Japan's exports to the EEC are still less than one-half of her exports to the United States. Moreover, with reference to its own combined GNP, the EEC trades proportionately more with the rest of the world than the United States does with reference to its own GNP. Thus, in the EEC markets, there is considerable room for absorbing Japanese goods before the limits of "tolerance" are reached by United States standards.

EUROPE'S XENOPHOBIA

It is clear that Europe has been "unfair" to Japan in many aspects of international economic relations. By unilaterally dismantling non-tariff barriers, Japan has even lost many possible leverages by which to extract concessions from Europe, which continues to refuse to reciprocate. But Europe's xenophobia is another "given" condition that can change only in the long run and that Japan must accept in the short run. Here, too, Japan must understand, accommodate, and compromise. The unfortunate relationship between the Community (EC) and Japan has been summarized by Harold B. Malmgren:

Between Japan and the E.C. there has been only a minimal official relationship. Bilateral talks between the E.C. and Japan take place, but only occasionally and in the most general terms.¹⁵

¹⁵ Harold B. Malmgren, "The European Community and Japan," in the previously cited publication of the Chicago Council on Foreign Relations, p. 81.

¹⁶ The *Times* (London), December 15, 1973. Italics were added by the author.

Talks between any one of the European states and Japan are of course much more frequent and specific than talks at the EEC-Japanese level. Even so, these individual country relationships are not close, constructive relationships. Despite the EEC, therefore, for Japan "Europe" is only a geographical area where there are many sovereign states, each of which is apprehensive of Japan and is highly defensive whenever it is approached by Japan.

This is essentially the question of "European identity," which troubles many Europeans too. In belated response to the United States Secretary of State's call in April, 1973, for a "New Atlantic Charter" in which he urged a significant role for Japan, the EEC adopted a communiqué popularly referred to as the "European Identity Declaration" in December, 1973. This declaration did not accord Japan the degree of importance that the Kissinger proposal did earlier. Indeed, the context in which Japan was mentioned implied that the EEC did not consider Japan as any special partner. The United Nations Charter was considered an adequate basis on which the EEC could relate to the world without a "new Atlantic Charter." However, the paragraph in which Japan was specifically mentioned is worth recalling because the principal ideas expressed there were echoed by the Prime Minister of Japan in January, 1975:

The Nine also remain determined to engage in *close cooperation* and to pursue a *constructive dialogue* with other industrialized countries, such as Japan and Canada, which have an essential role in maintaining an open and balanced world economic system. They appreciate the existing fruitful cooperation with these countries, particularly in OECD.¹⁶

It should be noted that "cooperation" and "dialogue" were the very words that Japan's new Prime Minister, Takeo Miki, also used in response to *The New York Times* poll of world leaders' opinions cited earlier. Slowly but steadily, common ground is developing between the nations of Europe and the government of Japan.

CONCLUSION

A review of the international policy and posture of Japan under a series of external "shocks" during the last several years reveals Japan's basic pacifism. Because of the philosophical incompetence of many Japanese leaders, Japan's pacifism may often appear to be unprincipled, situational, or unreliable. But in many instances only pacifism effectively guides Japan's actions, strategies, or maneuvers, which have all pointed to the avoidance of confrontation, the reduction of tension, a willingness to retreat or retract, an emphasis on accommodation or even capitulation, and a desire for compromise and consensus.

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JAPAN'S ECONOMY

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reported that consumer prices rose 16 percent and wholesale prices 22 percent. Estimates for 1974 place the rise in the consumer price index at about 25 percent—the highest inflation rate of the advanced industrial countries. Part of the inflation was due no doubt to the rise in prices for imports and to an increase in money supply, but it was also due to the long-run accumulation of pent-up demands for closing the “welfare gap,” which emerged during the “production first” era of the 1950's and 1960's. Thus, there has been a double strain on the Japanese economy.

The Japanese government's response so far has been a tight money policy, selective price controls, and postponement of public expenditures, particularly for construction projects and improved social welfare. While the government budget proposal for fiscal 1975 (which is likely to be adopted this spring) provides for money increases in the welfare field, it represents only marginal policy shifts from the patterns of the 1960's and largely keeps up with the inflation.

In 1974, like the Western nations, Japan sank quickly into recession with little abatement of inflation. For the first year since the Second World War, the Japanese economy failed to grow; in fact it registered an estimated loss of one to two percent in real GNP. Prospects for 1975 are equally dim. To a large extent, the decline reflected the impact of government-ordered cutbacks in oil usage at the end of 1973 and the beginning of 1974, induced by the Arab oil embargo and by the three-to fourfold increase in crude petroleum prices that ensued. With Japan almost 100 percent dependent on foreign oil, comprising 75 percent of the country's total fuel consumption, and with Japanese industry alone consuming more than 45 percent of this (among the highest ratios in the world), the oil “crunch” on the Japanese economy has made more impact than on the economies of the United States or most Western European countries. “Resource diplomacy,” placating the Arab and other oil-producing states, rather than a declaration of achieving energy independence by 1985, has been Japan's foreign policy response.

Unlike the United States and the nations of West Europe, the Japanese government has continued to train its sights on the inflation problem rather than on the recession, even though unemployment, now numbering about one million (or close to two percent of the labor force), has risen almost 50 percent since last summer. It is the judgment of the Conservative government leadership that Japan's economy remains resilient enough to reabsorb workers who are laid off because of long-existing labor short-

ages. Moreover, an anti-inflation policy will apparently place Japan in a favorable trade position when and if other economically depressed countries begin to recover.

At the same time, the present policy seems to indicate a decision by Japan's political leadership to forego, at least for the next several years, any attempt to revive Japan's high growth rate; instead, the leadership will apparently settle for a lower rate of GNP increase. No doubt this judgment reflects the underlying strain in the Japanese economy produced by high growth itself, which has led to difficulties in raw material supplies, to problems of land use, labor and technology and to social deprivations. ■

UNITED STATES-JAPANESE RELATIONS

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Yakutsk project to develop gas fields in East Central Siberia.²² It should also be noted that bilateral trade and investment problems between the two countries will not disappear. The Japanese dependence on the United States will not dramatically change, despite Japan's efforts to diversify her sources of food and raw materials as well as the markets for Japanese industrial products.²³ For the United States, Japan will remain its largest overseas trading partner. And with the recent full-scale Japanese liberalization of capital investments, there will be an increased opportunity for American companies to invest in Japan.

In the context of the East-West détente and multilateralism in economic relations, therefore, the United States and Japan will continue to need each other, although mutual adjustment of their interests will not be automatic. Japanese leaders can no longer look passively to the United States for foreign policy direction, as the experience of the two Nixon “shocks” and the energy crisis demonstrated. Japan will have to pursue her interests more dynamically and aggressively vis-à-vis Europe, China, the Soviet Union, the Middle East and the rest of the world, while maintaining a harmonious relationship with the United States. It is a good sign in this direction that Prime Minister Takeo Miki sent Foreign Minister Kiichi Miyazawa to Moscow and former LDP Secretary General Shigeu Hori to Peking simultaneously in

²² Japanese want United States participation in the project as they believe it would greatly reduce the possibility of the Russians “turning off the gas tap.” *United States-Japan Trade Council Report*, no. 5, January 28, 1975.

²³ According to one estimate, 32.4 percent of Japanese exports and 31.4 percent of imports will be with North America in 1980, as opposed to 34.1 percent and 34.5 percent respectively in 1970. Robert Scalapino, *American-Japanese Relations in a Changing Era* (New York: The Library Press, 1972), p. 38.

January, 1975. For the United States, it will be important not to assume Japanese deference to United States policy; Japan must take a more independent stand in international affairs. Both countries will have to make more effort to communicate with each other. In view of the Japanese tendency toward reticence, Japanese policy makers will have to learn to be more articulate.

In addition, the trend in Japanese domestic politics will have an important effect on United States-Japanese relations. The LDP, the conservative party that has been ruling Japan for more than two decades, faces a serious crisis. The party that has brought about a phenomenal economic growth for Japan has also created serious socioeconomic dislocations. The LDP has been steadily losing popular support;²⁴ in the upper house elections of July, 1974, it maintained only a thin majority. It is entirely possible that the LDP will lose a majority in the Diet, thereby being forced to establish a coalition with members of the opposition. The opposition in Japan (particularly the Socialist party, the Communist party, and the *Komeito*)²⁵ has been demanding abrogation of the United States-Japanese security alliance, advocating demilitarized neutralism. Partly because it has remained a "permanent" opposition, its idealistic and unrealistic foreign policy platform has not changed very much. The same can be said of many Japanese intellectuals. Limited contact with American policy makers also thus far has not improved the situation.

If members of the opposition should take charge of the government, or should join with conservatives, Japanese policy toward the United States would be greatly affected, possibly in the direction of abrogating the security treaty.²⁶ Even if the LDP should remain in power, it will have to accommodate the opposition's stand because of the weakening conservative power base.

Under these circumstances, more and more influential Americans, including policy-making elites, should open a dialogue with opposition groups in Japan. Such a dialogue might make the Japanese opposition more realistic about world affairs, and it

might make American policy making more sensitive to the Japanese internal situation. The dialogue would be beneficial regardless of who rules Japan. The polarization of foreign policy in Japanese domestic politics is detrimental to Japanese interests; it is also obsolete at a time when the United States (and the Japanese conservative government) is talking to both Peking and Moscow. In the final analysis, whether the United States and Japan can maintain a viable relationship will depend on how much dialogue takes place between Americans and the Japanese opposition groups and on who controls the Japanese government. ■

THE LIBERAL DEMOCRATIC PARTY

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haul the expensive party presidential election system, which encourages the "money-power politics"; and it should revitalize its structure and policy programs to meet the challenges of the opposition.

To be sure, important steps have already been taken to cope with these critical issues. The government has already introduced measures to curb inflation, to check abuses of economic power by the giant corporations (by tightening the anti-monopoly law), and to provide more public assistance to the underprivileged. Miki has also proposed a plan to overhaul the LDP's presidential election system by introducing a primary election system. It remains to be seen, however, whether he can really bring about quick results in these key issue areas.

Major tests for the Miki leadership are just ahead; local elections in April, 1975, will be the first test of Miki's popularity. The parliamentary elections for the House of Representatives, which will probably take place late in 1975, will be the acid test of the Miki leadership and the conservative party. There is no immediate prospect for an opposition takeover of the government, because the opposition is badly fragmented and divided. Nonetheless, the loss of the LDP's majority in either house of the Diet before July, 1977, could very well necessitate a coalition government (probably with the Democratic Socialist party), thus ending the LDP's one-party rule in Japan. In this respect, the Miki government is responsible for the future of conservative rule in Japan. ■

JAPAN AND CHINA

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were viewed in the context of Tokyo's double-track relationship with Peking and Taipei or its triple-track relationship with the two Chinese governments plus Washington. When the Taipei and Washington connections are removed as a central factor in Japan's China policy, the issues will tend to be more starkly defined in Peking and in Tokyo. To keep the in-

²⁴ The popular support for the LDP in the upper house elections in 1974 was 39.5 percent in local districts, 44.3 percent in the national constituency. For further information about the LDP and politics in Japan, see the article by Kim in this issue.

²⁵ The Democratic Socialist party (DSP) calls for total withdrawal of United States troops from Japan (to be called back in case of emergency) and does not necessarily emphasize abrogation of the United States-Japanese security treaty.

²⁶ While abrogation of the security treaty might not automatically bring about Japanese nuclear armament (in view of the strong "nuclear allergy" in Japan), it would give potential aggressors an opportunity for nuclear blackmail, and might eventually force Japan to opt for nuclear armament.

herent conflicts between Peking and Tokyo under control in this new bilateral relationship will demand a good deal of diplomatic finesse on the part of both governments. One example of such a conflict is the latent dispute over the PRC's claim to the long strip of coastal waters from Shantung to Chekiang as a security zone to be maintained under its exclusive control. Japan has a strong interest in these waters both on economic (fisheries) and legal grounds and will no doubt resist any formal recognition of the Chinese claim in the fisheries agreement currently under negotiation.²⁵ The jurisdictional dispute over Senkaku island might be even more explosive. This issue not only touches some raw nerves of nationalism in both countries but involves highly visible, if still untested, economic stakes because of the vast amounts of oil presumed to lie under the adjacent stretch of continental shelf.²⁶ If handled without sufficient skill, the dispute could easily wreck the negotiations on the "Treaty of Peace and Friendship." In both cases, however, the two governments have so far dealt with each other with utmost discretion. Regarding Senkaku in particular, PRC leaders, including Vice Premier Teng Shao-ping, have recently proposed to shelve the issue for the time being and to go ahead with the drafting and signing of the peace treaty.²⁷ As of January, 1975, Tokyo is apparently willing to go along with this proposal. Prime Minister Miki's new government, which replaced Tanaka's in December, 1974, dispatched a senior LDP leader to Peking to signal its interest in an early conclusion of the treaty.²⁸

Two and one-half years after the normalization of their relations, Peking and Tokyo appear to be steadily and successfully adjusting themselves to the new rules of the diplomatic game. The pro-Taiwan loyalists in the LDP and the bureaucracy are still heard, but their protests sound less and less revelant. ■

²⁵ Simon, *op. cit.*, p. 130.

²⁶ See, for example, Tamio Shimakura, "Nitchū Keizai Kōryū wo meguru Shōjōken" (Factors affecting Japan-China economic relations), *Sekai*, October, 1973, p. 260.

²⁷ See *Asahi Shimbun*, October 1, 4 (evening edition), 1974.

²⁸ *Ibid.*, January 16, 1975.

JAPAN'S NUCLEAR ALLERGY

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vious reliance on the fine print and the calculated ambiguity of official statements suggest that if Japan does not receive what she considers an adequate guarantee from the United States on this point, Japan's nuclear option remains open. In any event, the future nuclear orientations of both countries, though somewhat vague, will not be altered negatively as a result of present agreements; and one can expect that efforts to desensitize the Japanese public's nuclear "allergy" will continue.

The "nuclear allergy" has in the past been one of the most potent forces against efforts for expanded nuclear activities, but its future force may not be so great. Public pressure forced Prime Minister Kishi from office in 1960 because of his handling of the security treaty. More recently, anti-pollution regulations, changes in university structure and funding, and consumer legislation have been affected by public protests. Most ironically, perhaps, as some critics of Sato's selection for the Nobel Prize have pointed out, were it not for the Japanese public's "nuclear allergy," it is unlikely that he would have followed an anti-nuclear course. Only public pressure, it is argued, forced Sato to sign the Nuclear Non-Proliferation Treaty and prevented him from embracing a stronger nuclear arms policy for Japan.

Similar public pressures may again have some impact on short-run nuclear policy. But far more likely there will be a re-escalation of efforts to desensitize the Japanese public's allergy. It is doubtful that public pressure will prevent the expansion of nuclear activities in Japan. Given modern government's ability to deceive (which seems far greater than the willingness of the public to unveil and oppose such deception with consistency), it is likely that over the long run there will be further erosion of the Japanese public's resistance to nuclear weapons. Anyone interested in the future course of nuclear activity in Japan must certainly be watchful for indications of the cure the two governments will next propose for Japan's "nuclear allergy." ■

WOMEN IN JAPAN TODAY

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average wage for women was still less than half that received by men.¹³

MARRIAGE

Democratization, urbanization and prosperity in postwar Japan have all had a major impact on family life. Democratic reforms described earlier gave women the right to inherit property, the right to free choice of a marriage partner, and easier recourse to divorce.

Urbanization has meant a rapid increase in the number of nuclear families and a corresponding decrease in the number of traditional three generation households. Finally, prosperity has deeply affected the nature of home life. Increased material comfort has simplified housework, freeing married women for other pursuits. Prosperity has also meant more money for family leisure activities. Young couples now have funds for an occasional dinner out, or a family outing or vacation.

¹³ Japan, Ministry of Labor, Women and Minors' Bureau, *Fujin rōdō no jitsujō* (The Status Quo of Women Workers), 1972, p. 38.

These are the overall trends. It is more difficult to assess changes within the family. Both before the war and even today, in the modern nuclear family, the basic pattern of married life dictates that the worlds of the husband and wife are separate and distinct, at least by American standards.¹⁴ The husband's life centers on his work and, compared to the American husband, he is apt to tell his wife fairly little about that world. He tends to spend much of his leisure time with male co-workers in a social life where wives are not included. In the company of fellow workers, he will often stop in bars or restaurants after work, and he may play mahjong or golf with men from the office after working hours. For her part, the wife usually develops her own life centering on the home and neighborhood. Within her circumscribed sphere, her authority is great. She manages the family budget and makes practically all decisions relating to the children. Since her role satisfaction depends on how well she manages her limited sphere, she generally does not ask for nor does she expect help with home chores from her husband.

Within this basic pattern, however, there are many signs of change. In English classes I taught while doing research in Tokyo, many young workers sheepishly admitted that occasionally they liked to prepare breakfast for their wives on a leisurely Sunday morning, or they enthusiastically described a Saturday afternoon they spent in some activity with a son or daughter. Men have had fairly limited involvement with family activities in the past, but that pattern appears to be changing. Similarly, woman's role in marriage shows signs of change. Many women who married hoping for satisfaction in the traditional Japanese marriage relationship may find themselves lonely, especially in the suburbs of Japan's great sprawling cities. Women's magazines and popular books counsel women on how to stay attractive to their husbands to bring them home from work on time. Clearly many women, especially younger, postwar women, want to spend more time with their husbands and are pressing against some of the barriers that traditionally have kept husbands and wives apart.

¹⁴ Numerous studies of the postwar Japanese family note the separate spheres of husband and wife as a major characteristic. See, for example, Ronald Dore, *City Life in Japan* (Berkeley: University of California Press, 1958); Ezra Vogel, *Japan's New Middle Class* (Berkeley: University of California Press, 1963); and Robert O. Blood, *Love Match and Arranged Marriage* (New York: The Free Press, 1967).

¹⁵ Japan, Ministry of Labor, Women and Minors' Bureau, *Me de miru no ayumi*, 1971, p. 83. The trend dates from Upper House election of July, 1968, when the voter turnout was 68.97 percent for women and 68.89 percent for men. Since then the gap has been widening, though the figures are still close.

¹⁶ Japan, Ministry of Labor, Women and Minors' Bureau, *The Status of Women in Japan*, 1973.

POLITICAL ACTIVITY

Although the pattern is altering somewhat, Japanese women are far less involved in outside activities like volunteer work or civic groups than women in the United States. The same applies to politics. Japanese women vote; in fact, since 1968, the voting rate for women has exceeded that for men in national elections.¹⁵ But relatively few women join political groups, run for public office, or work in important government appointive positions. In the National Diet in 1972, women made up 5.4 percent of the membership of the Upper House and only 1.6 percent of the membership in the important Lower House.¹⁶

In postwar Japan, the laws and customs affecting women's status often clash. Many young women, backed by the legal guarantees introduced in the early postwar period, press to take advantage of the new opportunities that have opened to them in the last 30 years. But they sometimes come up short against traditional ways of thinking. Many issues affecting women are debated inside the Japanese family, especially when daughters begin to make important decisions in the areas of education, work and marriage. What is perhaps extraordinary is the fact that the debate goes on.

JAPAN AFTER THE OIL SHOCK: AN INTERNATIONAL RESOURCE PAUPER

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All these characteristics may also rise out of Japan's basic powerlessness. Be that as it may, only pacifism suggests appropriate survival techniques for a helpless and powerless country.

Japan is an international resource pauper. In order to ensure the regular flow of resources into her economic system and to enable her 100 million people to survive, Japan literally must beg for supplies from all parts of the world. In this situation, Japan's only meaningful posture is what Saburo Okita has called *Happō yabureno kamae*, which is untranslatable and peculiarly indigenous to Japan.¹⁷ To paraphrase, it means a defenseless posture, vulnerable to pressures or attacks from all directions. But the ultimate objective of this posture is to ensure a perfect defense by being so completely defenseless that no one would ever think of attacking. That certainly is the only practical posture that a resource-poor country can take in this highly interdependent world.

¹⁷ Saburo Okita, "Happō yabureno kamae" (A Posture with All Sides Wide Open for Attacks), *Kaishō* (Bulletin) of the Japan Economic Research Center, no. 224 (May 15, 1974), pp. 50-51.

THE MONTH IN REVIEW

A CURRENT HISTORY chronology covering the most important events of February, 1975, to provide a day-by-day summary of world affairs.

INTERNATIONAL

Arab League

(See *Intl, Middle East*)

Conference of Developing Nations

Feb. 4—Representatives of 110 developing nations open a 5-day conference at Dakar, Senegal, on how to get more compensation for their raw materials.

Council for Mutual Economic Assistance (COMECON)

(See *Intl, EEC*)

Cyprus Crisis

Feb. 13—Turkish Cypriote leader Rauf Denktash proclaims an independent Turkish state in the northern 40 percent of the island.

Greek Premier Constantine Caramanlis denounces the Turkish Cypriote move as an "arbitrary and illegal" act.

Feb. 14—Cypriote President Makarios assails the Turkish Cypriote secession and urges Greek Cypriotes to resist any attempt to partition the island.

Feb. 16—Tass, the Soviet press agency, reissues a statement calling for a "representative conference within the U.N. framework" on the latest Turkish move in Cyprus.

Feb. 20—The United Nations Security Council opens debate on the Cyprus situation.

Feb. 21—U.N. Secretary General Kurt Waldheim addresses the Council and asks Greek Cypriote and Turkish Cypriote leaders to resume their suspended peace talks.

Feb. 24—Greek Cypriote leader Glafkos Clerides and U.S. Secretary of State Henry A. Kissinger meet in Washington, D.C., to discuss ways to resume the deadlocked talks about Cyprus with Turkish representatives.

European Economic Community (EEC)

Feb. 1—At the conclusion of 3 weeks of negotiations in Brussels, representatives of the European Economic Community and 46 African, Caribbean and Pacific nations agree on a 5-year program of aid and trade between EEC industrialized nations and the developing countries.

Feb. 7—EEC representatives and COMECON (the economic alliance of the Communist bloc) officials

conclude 4 days of talks in Moscow without establishing avenues of further contact between the two organizations.

Feb. 10—Meeting in Brussels, the 9 members of the EEC agree to seek 25 to 50 percent tariff cuts at the General Agreement on Tariffs and Trade (GATT) meetings that start in Geneva February 11.

Feb. 11—EEC members agree to permit all 400,000 doctors in member countries to practice anywhere in the EEC.

Feb. 28—After 18 months of negotiation, the EEC and 46 developing countries in Africa, the Caribbean and the Pacific sign a trade and aid agreement in Lomé, Togo.

General Agreement on Tariffs and Trade (GATT)

Feb. 11—Representatives of 90 nations open negotiations on world trade in Geneva.

International Energy Agency

(See also *U.S., Foreign Policy*)

Feb. 5—At a meeting of the 18-member International Energy Agency in Paris, U.S. Assistant Secretary of State Thomas O. Enders presents a U.S. proposal for a common minimum price for oil imports; this proposal was first made in Washington, D.C., by U.S. Secretary of State Henry A. Kissinger on February 3.

Feb. 7—The 18 members of the International Energy Agency agree to search for new sources of fuel to reduce dependence on Arab oil.

Middle East Crisis

(See also *Intl, OPEC; U.S., Foreign Policy*)

Feb. 1—Soviet Foreign Minister Andrei A. Gromyko flies to Damascus on the first leg of a trip to Syria and Egypt.

Feb. 7—Sources in London report a so-called "blacklist" of banking houses that Arab governments want to exclude from any financing in which Arabs participate; the excluded banks are those with Jewish connections.

Feb. 11—Israeli General Jacob Evan says that Israel should retain control of the 2 main occupied Sinai passes, Mitla and Gidi.

In an interview in Lebanon, radical Palestinian

guerrilla leader George Habash says that his group, the Popular Front for the Liberation of Palestine, will provoke a new Middle East war if possible.

Feb. 12—According to reports from Beirut, at a meeting of the Arab Defense Council last week in Cairo the Palestine Liberation Organization (PLO) agreed to halt guerrilla operations against Israel from southern Lebanon.

The Kuwait International Investment Company withdraws from 2 international lending syndicates in New York, because other participants in these syndicates are on the Arab boycott list.

Speaking to the Knesset (Israeli Parliament), Israeli President Yitzhak Rabin says Israel will not give up critical Sinai passes or oil fields "as long as Egypt does not withdraw from war."

Feb. 14—U.S. Secretary of State Henry Kissinger arrives in Jordan after exploratory talks with Israeli and Egyptian officials over negotiations for a new Sinai settlement.

Feb. 17—Diplomatic sources in Kuwait report that Syrian President Hafez al-Assad has sent messages to other Arab countries urging them to resist "partial settlements" in the Middle East; he fears the Arabs will be divided and weakened by such tactics.

Feb. 20—According to sources in Paris, more than 480 Soviet military advisers are now working with Libyan military units; only 200 were reported in Libya one year ago.

Feb. 25—Representatives of the 20 members of the Arab League open a 10-day meeting in Cairo; they are trying to increase their economic pressure on Israel, particularly to boycott firms with strong connections with Israel.

Feb. 27—When Egyptian President Anwar Sadat refuses to receive a PLO delegation, saying he will negotiate only with the full Executive Committee, the PLO office in Beirut announces that the visit has been canceled.

Organization of Oil Producing Countries (OPEC)

(See also *Intl, International Energy Agency*)

Feb. 8—Speaking in New Delhi, India, Sheik Ahmed Zaki Yamani, Saudi Arabian minister of petroleum, says: "we in Saudi Arabia are opposing any increase" in the price of oil and "have decided to freeze prices till September . . . and extend that period beyond 1975."

Feb. 10—Speaking at a news conference in Paris, Iranian Shah Mohammed Riza Pahlevi assures Israel that Iranian oil supplies will be made available to Israel if Israel gives up occupied Egyptian oil fields in the Sinai Peninsula.

Feb. 25—At a ministerial meeting of OPEC nations in Vienna, attenders discuss a declaration that

would guarantee income from nations that are consumers of petroleum and would guarantee levels of supplies from producers of petroleum.

United Nations

(See *Intl, Cyprus Crisis*)

War in Indochina

Feb. 4—A convoy of supply ships returning empty from Phnom Penh suffers heavy losses on the Mekong River. Four and possibly as many as 10 ships were sunk when the convoy ran into a minefield. This is the biggest shipping loss in the last 5 years of the Cambodian war.

Feb. 6—A rocket fired by Cambodian rebels hits a primary school classroom in Phnom Penh, killing 14 children and wounding 25 others.

Feb. 12—The American airlift into Phnom Penh, which began in October, 1974, is being doubled, according to the Pentagon. The Pentagon contracts to a private American firm, Bird Air, to fly in ammunition and food supplies. River access to the capital has been blocked for nearly a month.

Feb. 23—U.S. Secretary of Defense James R. Schlesinger, in the strongest official statement so far, warns that if the U.S. Congress does not approve the administration's request for \$222 million in military aid for Cambodia, Cambodia will "absolutely" be taken by the Communists.

Feb. 25—The U.S. State Department announces the beginning of a 30-day food airlift to Phnom Penh; rice and kerosene will be flown in from Saigon's Tan Son Nhut air base.

ARGENTINA

Feb. 26—United States Honorary Consul John Patrick Egan is kidnapped by leftist guerrillas.

Feb. 27—The kidnappers demand that before the evening of February 28 the Argentine government make public the whereabouts and confirm the well-being of 4 captured guerrillas.

Feb. 28—U.S. Honorary Consul John P. Egan is killed by his Argentine leftist guerrilla (Montoneros) abductors; the Argentine government had previously stated that it would not negotiate with the guerrillas.

BRAZIL

Feb. 6—Minister of Justice Armandó Ribeiro Falcão disavows knowledge of the whereabouts of 19 political prisoners who disappeared while under detention during the last 17 months. There is growing public pressure for an investigation into their disappearances.

CAMBODIA

(See *Intl, War in Indochina; U.S., Foreign Policy*)

CANADA

Feb. 5—The government increases by 30 cents a barrel the export charge on crude oil, all of which goes to the U.S. Effective March 1, the levy brings to \$12 a barrel the price of Canadian oil sold in the U.S.

CHINA

(See also *India; U.S.S.R.*)

Feb. 27—Officials of the U.S. Department of Agriculture report that the Chinese government has canceled an order of 382,000 metric tons of wheat contracted from U.S. exporters. This cancellation and a cancellation in January represent the total amount of wheat originally ordered in 1974 by China from U.S. exporters.

DENMARK

Feb. 13—Former Premier Anker Jorgensen is sworn in as Premier of a new minority government formed by his Social Democratic party.

EGYPT

(See *Intl, Middle East; U.S.S.R.; U.S., Foreign Policy*)

ETHIOPIA

Feb. 3—Government planes continue bombing guerilla rebels on the outskirts of Asmara. Fighting broke out January 31 between government troops and Muslim rebels who are attempting to secede from the Ethiopian federation.

Military leaders announce their intention to nationalize the oil, sugar and textile industries. They plan to seize a 51 percent interest in the American-owned Mobil Oil Company, as well as shares in the Coca-Cola and Pepsi-Cola corporations.

Feb. 5—More than 100 Americans are airlifted out of Asmara to Addis Ababa.

Feb. 6—Columns of government tanks and armored cars reportedly reach Asmara.

Feb. 10—Fighting resumes between guerrilla secessionist and government troops after a 3-day lull. Nearly 1,600 people have been reported killed since the fighting began 11 days ago.

Feb. 16—In Addis Ababa, thousands take part in a government-sponsored demonstration for Ethiopian unity.

Feb. 17—The government asks the U.S. for an emergency airlift of \$30-million worth of arms, ammunition and equipment.

Feb. 20—At least 90 officers and men of the Ethiopian army are recalled from Eritrean Province by military authorities for "excessive" behavior. There have been reports that government troops are looting and killing civilians.

Feb. 21—Fighting erupts on 4 fronts in Eritrea, following several days of troop build-up.

Feb. 23—Ethiopian government fighter-bombers and heavily armed troops continue their assault on rebel strongholds northwest of Asmara.

GERMANY, FEDERAL REPUBLIC OF (West)

Feb. 6—The *Bundesbank* (central bank) cuts its discount rate to 5.5 percent, a reduction of one-half percent.

Feb. 25—The Constitutional Court rules 6 to 2 that a law allowing abortions "on request" during the first 3 months of pregnancy is unconstitutional; however, abortions may be performed in the first 3 months of pregnancy in specific cases.

Feb. 27—Peter Lorenz, the Christian Democratic candidate for mayor of West Berlin, is kidnapped 3 days before the mayoral election. Officials suspect a German left-wing radical group is responsible.

GREECE

(See also *Intl, Cyprus Crisis*)

Feb. 10—In Athens, representatives of the U.S. and Greece discuss the future of American bases in Greece. The talks are necessary because Greece withdrew from the North Atlantic Treaty Organization's military wing in September, 1974.

Feb. 24—Troops are placed on alert in Athens after an abortive coup staged by followers of the military government that collapsed last July.

Feb. 25—37 officers, including 6 generals, are arrested and charged with plotting against the government.

INDIA

(See also *Pakistan*)

Feb. 5—For the first time since 1962, a Communist Chinese group arrives in India; a Chinese team is playing in the 33d world table tennis championship matches in Calcutta.

Feb. 18—Foreign Minister Y. B. Chavan informs Parliament that he has written a letter to U.S. Secretary of State Henry Kissinger warning him that U.S. resumption of arms shipments to Pakistan would jeopardize Indian-American relations.

Feb. 25—Sheik Mohammed Abdullah is restored as head of the Kashmir state government after a 22-year absence.

IRAN

(See *Intl, OPEC; Iraq; Oman*)

IRAQ

Feb. 10—Foreign Minister Saadun Mamadi reportedly has requested an Arab summit to settle the dispute with Iran over navigation rights in the Shatt al Arab waterway. The Iraqis also demand an end to Iranian support of the Kurdish rebels in northern Iraq.

ISRAEL

(See also *Intl, Middle East Crisis, OPEC; U.S., Foreign Policy*)

Feb. 10—The Likud bloc, the right-wing opposition, demands that the government call for new elections before there is any agreement to withdraw from the Mitla and Gidi passes and Sinai oilfields as part of a peace settlement with Egypt.

Feb. 24—The government presents to the Knesset a new budget providing for a 7.5-percent payroll tax, an increase in purchase taxes on goods and services, and a 20 percent increase in domestic postal, telephone and telegraph rates. Finance Minister Yehoshua Rabinowitz states that 64 percent of the national income goes to the government through taxes, making Israelis the most heavily taxed citizens in the world; the Swedes are next, paying 44 percent to the government.

ITALY

(See also *Vatican*)

Feb. 3—Premier Aldo Moro announces a new energy program that will cut imports of oil between \$500 million and \$600 million annually. Last year's crude oil imports cost \$7 billion.

Feb. 8—The government notifies the Vatican that it is ready to renegotiate the 1929 treaty on church-state relations.

Feb. 18—A ruling is handed down by the Constitutional Court relaxing the legal ban on abortions. The court rules that an abortion may be performed if the continuation of the pregnancy endangers the health of the mother.

JAPAN

Feb. 10—Foreign Minister Kiichi Miyazawa tells Parliament that he needs more time to study the non-proliferation-of-nuclear-weapons treaty with the International Atomic Energy Agency before he signs it.

KOREA, REPUBLIC OF (South)

Feb. 12—A national referendum is held on the constitution under which President Park Chung Hee has governed with absolute authority since he declared martial law in 1972.

Feb. 13—Election returns show President Park winning the support of 80 percent of the voters, who were asked to vote yes or no on his major policies. The policies were not defined on the ballot.

In a major policy change, President Park pledges to "develop a pan-national political system based on total harmony."

Feb. 15—About 40 political prisoners are released, including the popular poet, Kim Chi Ha. President Park announced earlier that most of the 203

prisoners jailed last year for political activity will be released; some "Communists" will not be freed.

Feb. 17—*The New York Times* reports that many political prisoners just released have accused the government of using torture to obtain false confessions.

Feb. 20—Critics of the Park government continue to demand an amended constitution to limit presidential power.

KUWAIT

(See also *Intl, Middle East*)

Feb. 16—*The New York Times* reports that in a Cabinet change made last week, the ministry of finance and oil was divided into 2 separate ministries. Abdelrahman al-Atiki remains minister of finance; Abdel Muttaleb al-Kazimi becomes minister of oil.

MALAGASY REPUBLIC

Feb. 11—The Head of State, Colonel Richard Ratsimandrava, is killed in ambush. Martial law is declared.

Feb. 12—Loyalist forces attack a police barracks where rebel forces have taken refuge.

Feb. 13—The death toll from the attack on the rebel forces is 21.

NEPAL

Feb. 25—Birendra Bir Bikram Shah Dev is crowned king. He is the 1st Nepalese monarch to have received a formal education.

OMAN

Feb. 2—The commander of Oman's armed forces, Major General T. M. Creasey, reports that Iranian Shah Mohammed Riza Pahlevi has committed his air force to guaranteeing Oman's airspace, upon request of the Omani commander.

Feb. 14—*The New York Times* reports a government decision to deploy British-made Rapier ground-to-air missiles along the Strait of Hormuz. Deployment is to be completed by early 1978.

PAKISTAN

Feb. 8—Home Minister Hyat Mohammad Khan Sherpao, a close associate of Prime Minister Zulfikar Ali Bhutto, is killed by a bomb blast at the University of Peshawar.

Feb. 10—Holding the National Awami party responsible for the home minister's death, the government arrests party leaders, including party president Wali Khan, and orders the dissolution of the party.

Feb. 24—The U.S. lifts its 10-year arms embargo. Pakistan will now be allowed to buy American arms but only on a cash basis.

PERU

Feb. 1—General Francisco Morales Bermúdez replaces the retiring Edgardo Mercado Jarrin as Premier, commander in chief of the army, and minister of war.

Feb. 4—In Lima, almost the entire 7,000-man police force goes on strike for higher wages.

Feb. 5—Government troops attack the 12th police garrison to put down the strike by police. A national state of emergency is declared to curb civilian rioting and looting.

Feb. 6—The government declares a national holiday and extends the state of emergency for 30 days.

Feb. 7—Order is restored to Lima; a new police chief is appointed to the national force. It is reported that nearly 100 people were killed in the attack on the police and the subsequent rioting against the government.

PHILIPPINES, THE

Feb. 1—The Philippine Supreme Court rules that President Ferdinand E. Marcos is acting constitutionally under his martial-law regime and is legally entitled to legislate as well as to conduct the upcoming national referendum.

Feb. 21—For the first time since martial law was imposed 2½ years ago, nearly 5,000 demonstrators in Manila protest government rule by martial law, detention of political prisoners, and harassment of labor leaders.

Feb. 27—Nearly 22 million people turn out to vote in the national referendum. The appeal for a boycott of the election fails; voting was made mandatory in the 1973 constitution.

PORTUGAL

Feb. 8—The government announces the postponement of the elections for a constituent assembly from the end of March to April 12.

Portuguese Territories

ANGOLA

Feb. 23—Rebel leader Daniel Chipenda, a field commander for the Popular Movement, merges his troops with the rival liberation organization, the National Front for the Liberation of Angola, headed by Holden Roberto.

RHODESIA

(See also *South Africa*)

Feb. 12—For the 2d time this week, talks between Prime Minister Ian Smith and leaders of the African National Council break off.

SAUDI ARABIA

(See *Intl, OPEC; U.S., Foreign Policy*)

SOUTH AFRICA

Feb. 10—The government announces that it is withdrawing some of its combat police force from positions along the Zambesi River, which forms part of the boundary between Zambia and South-West Africa and between Zambia and Rhodesia.

Feb. 17—Prime Minister John Vorster discloses to Parliament that he held a secret meeting in Liberia with President William R. Tolbert, Jr., on February 11 and 12. This is the first time that a white minority government leader has admitted traveling to a black African country.

SPAIN

Feb. 5—A petition containing the signatures of more than 500 government officials is delivered to Premier Carlos Arias Navarro. The petitioners demand political reform, including the right of public officials to unionize.

Feb. 15—The Supreme Court refuses to dismiss the convictions of 10 leftist labor leaders sentenced in 1973 to terms ranging from 12 to 20 years. The court reduces their sentences from 2½ years to 4 years.

Feb. 20—In Madrid, students protest against the ministry of education's recent decision to close the University of Valladolid until fall because of student demonstrations.

SYRIA

(See also *Intl, Middle East*)

Feb. 26—Speaking at a student rally in Damascus, Syrian President Hafez al-Assad says that unless Israel withdraws from the Golan Heights and all of the Sinai, there will be no peace in the Middle East.

THAILAND

Feb. 6—The recently elected House of Representatives chooses former Commerce Minister Prasit Kandhanawat of the Thai Nation party as speaker and Pramual Kulamart of the Social Justice party as deputy speaker.

Feb. 13—The House of Representatives elects Seni Pramoj of the Democrat party Premier.

Feb. 15—King Phumiphol Aduldet officially appoints Seni Pramoj as Premier.

Feb. 21—Premier-designate Pramoj presents a coalition Cabinet to the king for his approval. The Cabinet consists of 14 ministers—7 Democrats, 2 Social Agrarians, and 5 nonparty members. The new Cabinet replaces the interim government of Sanya Dhamasakti.

TURKEY

(See *Intl, Cyprus Crisis; U.S., Foreign Policy*)

U.S.S.R.

(See also *United Kingdom, Great Britain*)

- Feb. 3—After a 2-day visit in Damascus, Syria, Foreign Minister Andrei A. Gromyko arrives in Cairo for talks with Egyptian Foreign Minister Ismail Fahmy and Egyptian President Anwar Sadat.
- Feb. 5—*Pravda*, the official Communist party newspaper, carries an article denouncing the new Chinese constitution.
- Feb. 12—Tass, the Soviet press agency, reports the departure of Deputy Foreign Minister Leonid F. Ilyichev for Peking to resume the long-suspended border talks.
- Feb. 13—In his first public appearance in 7 weeks, Communist party General Secretary Leonid I. Brezhnev meets with British Prime Minister Harold Wilson in Moscow.
- Feb. 18—According to U.S. intelligence sources, the Soviet Union has resumed arms shipments to Egypt, including 6 supersonic MIG-23's. Egypt has refused to return to the Geneva peace talks until her weapons supply is restored to its pre-1973 war level.

UNITED KINGDOM

Great Britain

- Feb. 4—Former Prime Minister Edward Heath is defeated by Margaret Thatcher by a vote of 130 to 119 in the first round of the Conservative party leadership elections. Heath announces his resignation as the party's leader.
- Feb. 11—Margaret Thatcher is elected party leader by Conservative party members in Parliament. She receives 146 votes; the 4 other contenders receive a total of 128 votes.
- Feb. 12—Queen Elizabeth II asks Parliament for a \$1-million annual increase in her living expenses. She offers to contribute some of her personal wealth to the total requested.
- Feb. 13—Prime Minister Harold Wilson leaves for Moscow for the first meeting in 7 years between leaders of the United Kingdom and the Soviet Union.
- Feb. 17—In Moscow, at the end of a 5-day visit, Prime Minister Wilson announces an agreement to grant \$2 billion in low interest credits for Soviet purchases of British technology.
- Feb. 18—Margaret Thatcher appoints former Home Secretary Reginald Maudling as party spokesman on foreign affairs.
- Feb. 25—Paymaster General Edmund Dell tells the House of Commons that the government plans to impose a 45 percent tax on oil revenues from the North Sea.

Margaret Thatcher names Lord Peter Thorneycroft as Conservative party chairman, replacing William Whitelaw.

Feb. 26—The government publishes its proposals for the mechanics of conducting a referendum on whether Britain should remain in the European Economic Community (EEC); this will be the first national referendum in British history.

Northern Ireland

- Feb. 9—As a result of talks between British officials and Irish Republican Army officials, the IRA announces a cease-fire, beginning February 10.
- Feb. 11—In order to insure the cease-fire, the British government will establish a communication network with the IRA throughout Northern Ireland, according to Secretary for Northern Ireland Merlyn Rees.
- Feb. 15—17 people have been injured by terrorist action since the cease-fire began 5 days ago.
- Feb. 24—Secretary Rees announces the release of 80 more of the 490 political prisoners being held without trial under emergency regulations.

UNITED STATES

Administration

(See also *Economy, Legislation*)

- Feb. 3—In the first in a proposed series of speeches, President Gerald Ford speaks in Atlanta, seeking national support for his economic and energy policies.
- Feb. 5—Edward Levi is approved as attorney general by the Senate on a voice vote without debate.
White House press secretary Ron Nessen tells reporters that President Ford plans to run for a full term in the 1976 elections.
- Feb. 6—Peter J. Brennan, secretary of labor, resigns, effective in mid-March.
- Feb. 8—According to a White House spokesman, former Director of the Cost of Living Council John T. Dunlop will be nominated as secretary of labor.
- Feb. 10—Speaking in Houston, Texas, President Ford states that opponents of his energy-conserving oil import tax are taking "a reckless gamble" with America's economy.
- Feb. 11—Press secretary Ron Nessen announces that President Ford will nominate Carla A. Hills as secretary of Housing and Urban Development (HUD); she is now assistant attorney general in charge of the Civil Division of the Justice Department.
- Feb. 14—Phillip E. Areeda resigns as counsel to the President to return to Harvard Law School.
- Feb. 23—Frances G. Knight, director of the State Department's Passport Office, says that every U.S. citizen should eventually carry "true, recorded national identity to protect him from criminal impersonation."
- Feb. 27—President Ford names Secretary of Com-

merce Frederick B. Dent to be special representative for trade negotiations, succeeding William D. Eberle; no successor for Dent's Cabinet post has been announced.

Testifying before the House Committee on Civil Rights and Constitutional Rights, Attorney General Edward H. Levi confirms reports that former FBI Director J. Edgar Hoover kept secret files of derogatory information about public officials and other individuals who opposed him.

Feb. 28—President Ford announces a "final extension" until March 31 of the deadline for draft evaders to apply for clemency.

Civil Rights

Feb. 4—28 of the 39 Menominee Indians arrested after their January 1 seizure of a Roman Catholic novitiate in Shawano, Wisconsin, are arraigned in county court on criminal trespass and disorderly conduct charges.

Feb. 18—The Arizona state senate defeats the equal rights amendment to the U.S. constitution by a 16-14 vote.

Economy

Feb. 3—President Gerald Ford submits a \$349.4-billion budget to Congress; the deficit for fiscal 1975 is estimated at \$34.7 billion, with a projected \$51.9-billion deficit for fiscal 1976, the largest peace-time deficit in history. He estimates that the unemployment rate for 1975 will be about 8.1 percent and will drop slightly to 7.9 percent for 1976. The inflation rate should drop to about 7 percent in the last quarter of 1975, according to his estimates.

The General Motors Corporation reports total 1974 earnings down 60 percent from 1973.

Feb. 4—In his annual Economic Report to Congress, President Ford warns that the economy will not be improved by bigger tax cuts or by more government spending.

The Federal Reserve Board reduces the discount rate it charges on loans to commercial banks from 7.25 percent to 6.75 percent, in a move to stimulate the nation's economy.

Feb. 7—The U.S. Department of Labor reports that the national unemployment rate rose to 8.2 percent in January.

Feb. 11—Speaking to a joint session of the Kansas legislature, President Ford announces the release of \$2 billion of the \$11.1 billion in the Highway Trust Fund, to be distributed between now and June 30 with the expectation of providing 125,000 jobs.

Feb. 13—The Federal Reserve Board reports a drop of 3.6 percent in industrial production in January, 1975; this is the largest one-month drop since a decline of 8.9 percent in December, 1937.

Feb. 14—The U.S. Labor Department reports that the wholesale price index declined 0.3 percent in January, 1975.

Feb. 17—The Chrysler Corporation reports a fourth-quarter loss in 1974 of \$73.5 million, the largest loss for a single quarter in its history; a total loss of \$52 million for 1974 is reported.

Feb. 21—The Department of Labor reports a slowing in the inflation rate. The consumer price index rose only 0.6 percent in January, 1975.

Feb. 24—The U.S. Department of Transportation makes \$15.3 million available to the Penn Central to enable the company to meet its payroll.

Foreign Policy

(See also *Intl, Cyprus Crisis, Middle East, War in Indochina; Argentina; Pakistan*)

Feb. 3—In a speech at the National Press Club in Washington, D.C., U.S. Secretary of State Henry A. Kissinger outlines a plan for imported oil sold in the West that would put a floor under oil prices and encourage the development of new sources of energy should a drop in oil prices develop. (See *Intl, Intl Energy Agency*.)

U.S. Secretary of Agriculture Earl L. Butz announces a \$600-million increase to \$1.6 billion in foreign food aid for fiscal 1975.

Feb. 5—President Ford meets with Pakistani Prime Minister Zulfikar Ali Bhutto in Washington and hints that the U.S. will give "active consideration" to lifting the 10-year-old embargo on the sale of U.S. military hardware to Pakistan. (See also *Pakistan*.)

Through an amendment to the Foreign Aid Authorization Act, the congressional cut-off on military aid to Turkey goes into effect; Kissinger failed to persuade Congress to delay implementation of the halt in military shipments.

Feb. 10—Kissinger arrives in Jerusalem for talks with Israeli leaders in an attempt to achieve a new agreement on the Sinai Peninsula.

Feb. 12—President Anwar Sadat of Egypt and Secretary of State Kissinger meet in Cairo to clarify the issues between Israel and Egypt.

Feb. 15—Kissinger arrives in Riyadh, Saudi Arabia, for discussions with Saudi Arabian King Faisal about the American plan for long-term oil purchase agreements between producers and consumers, probably at a price lower than the current world price of \$11.00 per barrel.

United States negotiator Franklin Williams and Edward Pangeliman, chairman of the Marianas Political Status Commission, sign a covenant that will eventually make the Marianas Islands an American commonwealth like Puerto Rico.

Feb. 17—In Geneva, Soviet Foreign Minister Andrei Gromyko and Secretary of State Kissinger end 2

days of inconclusive talks on Middle East issues.
Feb. 19—Kissinger returns to Washington after a 10-day mission to 9 countries in the Middle East and Europe; he declares that "we've made some progress for establishing a framework for negotiations" in the Middle East.

Feb. 25—The President and Kissinger both urge Congress to provide \$222 million in supplemental aid to the Cambodian government to prevent an imminent Communist take-over.

The New York Times reveals that it holds a summary of a copy of regulations published in June, 1972, in Saudi Arabia, now in the hands of the State Department, that provide for an Arab economic boycott of Israel. 1,500 U.S. companies are reportedly on the Arab boycott list.

The U.S. begins an airlift of rice into the besieged Cambodian capital of Phnom Penh.

Labor and Industry

(See also *Economy*)

Feb. 18—AFL-CIO President George Meany asserts that the union will no longer involve itself in the affairs of political parties.

Feb. 20—The AFL-CIO Executive Council, meeting in Bal Harbour, Florida, calls for massive emergency measures to deal with the economic crisis.

Legislation

(See also *Economy*)

Feb. 3—The Senate Rules Committee votes to subpoena all paper ballots in the New Hampshire Senate election; the ballots are to be transferred to Washington, D.C., for safekeeping while the Senate considers whether Republican candidate Louis C. Wyman or Democrat John C. Durkin won the November, 1974, election to the U.S. Senate.

Feb. 5—The Senate votes 76 to 8 to freeze the price of food stamps for the rest of 1975; the House voted 374 to 38 for an identical bill on February 4.

Feb. 13—President Ford announces that he will allow the bill freezing food stamp prices to become law without his signature.

Feb. 19—The Senate votes 66 to 28 to approve a bill (passed by the House February 5) to suspend for 90 days President Ford's power to increase import taxes on foreign oil.

Military

(See also *Intl, War in Indochina*)

Feb. 3—Secretary of Defense James R. Schlesinger proposes a \$92.8-billion defense budget to Congress.

Feb. 19—The Defense Department reports that government and private contracting teams are training military personnel in 34 countries; the contracts cover \$727-million worth of services.

Political Scandal

Feb. 1—In previously unpublished testimony before a House Intelligence Subcommittee in May, 1973, published today, former CIA official Howard J. Osborne said that former CIA Director Richard Helms ordered him to withhold information about the Watergate break-in from the Justice Department only 6 weeks after the burglary.

Feb. 19—Richard Nixon's tax lawyer, Frank DeMarco, Jr., and Chicago appraiser Ralph G. Newman, who set the value on Nixon's pre-presidential papers, are indicted by a federal grand jury for conspiracy to commit fraud and other crimes in connection with Nixon's tax returns.

Feb. 21—Federal district court Judge John J. Sirica sentences former Attorney General John N. Mitchell, H. R. Haldeman, Nixon's White House chief of staff, and John D. Ehrlichman, Nixon's chief adviser for domestic affairs, to serve 2½ to 8 years in prison for their roles in the Watergate cover-up. Former Assistant Attorney General Robert C. Mar-dian is sentenced to 10 months to 3 years for his role in the Watergate cover-up.

Politics

Feb. 6—Senator Henry M. Jackson (D., Wash.) announces that he will be a candidate for the Democratic presidential nomination in the 1976 elections.

Feb. 17—Senator Lloyd M. Bentsen (D., Tex.) becomes the 5th Democrat to announce his candidacy for his party's nomination in the 1976 presidential elections.

Supreme Court

Feb. 18—The Supreme Court rules unanimously that President Richard Nixon had no right to impound \$9 billion in water pollution funds.

Feb. 25—The Court rules 5 to 4 that school disciplinary officials are liable for damages if they knowingly violate a student's civil rights, or if they "reasonably should have known" that their actions violated the student's civil rights.

VIETNAM, REPUBLIC OF (South)

Feb. 3—After confiscating the February 2 editions of 5 newspapers, the government closes them and arrests their journalists, charging them with being Communist infiltrators.

YUGOSLAVIA

Feb. 17—A district court in Zadar sentences 15 people to prison for terms of up to 13 years; they were found guilty of plotting the secession of the Republic of Croatia from Yugoslavia.



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